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The Minister of Cooperative Governance and Traditional Affairs
Attention: Project Manager, Mr Thabiso Richard Plank (WPLG26 Policy Review)
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Dear Mr Plank

INPUT INTO THE LOCAL GOVERNMENT WHITE PAPER REVIEW PROCESS (WPLG26)

The invitation to make submissions as part of the public participation process pertaining to the review of the White Paper on Local Government, has reference.

The iLembe Chamber would like to congratulate and express its appreciation to national COGTA for the thorough and professional manner in which this specific public participation process was conducted.

1. Introduction

The Chamber welcomes this opportunity to reflect and contribute constructively to the national review process of the 1998 White Paper on Local Government. The original White Paper was a groundbreaking policy document that envisioned a democratic, developmental, and participatory system of local governance.

However, the social and economic landscape has changed dramatically since its adoption, and so, too, must the governance frameworks that guide it.

The Chamber's submission is informed by ground-level experiences and insights from the iLembe District, a rapidly evolving regional economy that reflects both the potential and challenges of local governance in South Africa.

We believe that the updated White Paper must move from broad principles to implementation clarity and support capable, ethical, and performance-driven municipalities.

2. Shortcomings of the White Paper on Local Government

The White Paper on Local Government (South Africa, 1998) was widely welcomed as progressive and forward-thinking, but several concerns have been expressed over the years about its content, implementation, and effectiveness.

2.1. Overambitious vision

The paper set a high bar for developmental local government, expecting municipalities to simultaneously deliver services, promote economic development, and involve communities in governance.

Critics argue that the capacity of many municipalities was overestimated, particularly in rural and previously disadvantaged areas.

2.2. Insufficient focus on implementation

While the White Paper provided a strong theoretical framework, it lacked detailed implementation strategies, resulting in a mismatch between policy intent and on-the-ground realities.

2.3. Inadequate capacity and skills

Many municipalities lacked the skills, financial resources, and institutional capacity to fulfil the developmental mandate outlined in the paper.

The assumption that municipalities could transform quickly into engines of development was seen as unrealistic.

2.4. Limited community participation

Despite emphasizing participatory governance, the mechanisms for community involvement were not clearly defined or effectively enforced.

Many communities, including business communities, still feel disconnected from decision-making processes and unable to influence decisions.

2.5. Blurred roles and responsibilities

The paper introduced new roles for municipalities (e.g., economic development, environmental management) without always clarifying how these intersect with provincial and national mandates.

This has sometimes led to confusion and conflict between spheres of government.

2.6. Financial sustainability concerns

The emphasis on municipalities raising their own revenue (through rates and service charges) placed pressure on communities, especially in poor areas.

Revenue collection difficulties and growing debt have made many municipalities financially unstable.

2.7. Service delivery failures

The developmental role of local government has been undermined by persistent service delivery backlogs, particularly in water, sanitation, electricity, and waste management.

Protests over poor service delivery have highlighted the gap between policy promises and lived experiences.

2.8. Political interference and corruption

There are concerns that the White Paper did not anticipate the extent of political interference in municipal administration.

Widespread corruption and mismanagement in some municipalities have eroded public trust.

3. Proposed structural changes

The iLembe Chamber submits the following proposals for consideration as part of the review of the White Paper on Local Government in South Africa, and the corresponding legislative framework through which its principles are implemented.

The proposals are based on the characteristics of high-performing local governments and municipalities, globally, namely:

- Clear roles and responsibilities between spheres/levels of government.
- Professional, depoliticised administration.
- Robust performance management and accountability frameworks.
- Strong fiscal autonomy with local revenue-raising powers.
- Effective citizen participation mechanisms.

3.1. Reconfigure the two-tier system of local government (District vs Local Municipalities)

Issue:

- Duplication, inefficiency, and cost of the current two-tier system.

Proposal:

- The revised White Paper should enable the functional realignment of service delivery mandates based on demonstrated capacity.
- In proposing the merger of district and local municipalities into single-tier regional governments, it is essential that such regional configurations are not driven by administrative convenience or historical boundaries alone.
  Instead, they must be informed by considerations of economic sustainability, spatial logic, and fiscal equity.
  Critically, wealthier, and more economically active areas should not be structurally burdened with subsidising dysfunction in neighbouring municipalities, to the detriment of their own service delivery and development mandates.

Any new regional model must ensure that resources, accountability, and capacity are aligned to local economic realities, enabling effective governance without diluting the gains of well-performing municipalities.

- A review of the White Paper should explicitly support well-regulated service delivery PPPs (for example water, electricity, and solid waste).
- Where innovative PPPs have demonstrated superior outcomes, reduced capital expenditure and improved reliability, it should become a model for replication, not the exception.
- For your ease of reference, I have attached an overview of SAWW whose subsidiary, Siza Water, successfully manages a concession area within the iLembe District Municipality.

  Another example of a high-performing PPP in the iLembe District (KwaDukuza Local Municipality) is the Dolphin Coast Waste Management (DCWM) contract, which is consistently delivering reliable, efficient, and environmentally compliant waste collection and disposal services.

3.2. Depoliticise and professionalise administration

Issue:

- Political appointments (cadre deployment) and political interference weaken local governance.

Proposal:

- Introduce a municipal civil service framework rooted in the principles of merit, accountability, and ethics, and that is effective in promoting stability and efficiency in governance.
- Independent appointments, for critical municipal posts, based on demonstrated competence, qualifications, and performance, independent of political structures or party-political loyalty and interference.
- This framework needs to establish career continuity, accountability, and restore pride in public service.

3.3. Strengthen oversight and performance management

Issue:

- Limited and delayed consequence for poor performance.

Proposal:

- The revised White Paper should introduce a statutory performance and consequence management framework, underpinned by enforceable timeframes, measurable outcomes, and a culture of accountability.
- The proposed framework must include independent oversight bodies, transparent performance contracts, community scorecards/dashboards, and incentive-linked funding to reward municipalities that demonstrate sound governance and service delivery.
- Non-partisan, independent oversight bodies should be mandated to track municipal performance, investigate misconduct and service delivery failures, and recommend

or enforce disciplinary actions. Current mechanisms rely heavily on slow, politicised, and ignored internal municipal processes.

- AG findings to trigger automatic and mandatory interventions under Section 139 of the Constitution, and Section 106 of the Municipal Systems Act where repeat adverse audits occur, and where financial misconduct remain unaddressed, even in the short or medium term.
  Escalation must be predictable and automatic, not discretionary, if oversight is to have real power.
- Transparent and statutory performance agreements with enforceable sanctions for Section 56 and 57 managers (and councillors with delegated authority), where grant disbursement, bonuses, and contract renewals are linked to measurable outputs. Specify timelines for corrective action, and empower provincial COGTA to intervene if not implemented.
  Current performance agreements are often vague or unenforced. Binding, monitorable contracts will create accountability.

3.4. Enhance fiscal autonomy and incentives

Issue:

- Municipalities are overly dependent on national grants, with weak local revenue collection.

Proposal:

- Reform local government's unconditional equitable share allocation to better match, and even improve, a municipality's revenue generating capacity and the cost of delivering services.
- Link a portion of the equitable share allocation (or even MIG) to performance criteria such as clean audits and the meeting of service delivery targets.
- Design a performance-based bonus pool administered by National Treasury or COGTA, aimed at rewarding well-governed municipalities.
- All municipalities currently receive grants, regardless of how poorly they perform. Incentive based grants can shift behaviour.
- Support capacity-building in revenue collection and financial planning.

3.5. Reinvigorate citizen participation and co-governance

Issue:

- In the context of participatory governance, ward committees are often politicised and considered tokenistic with weak feedback loops. The committees marginalise independent voices, resulting in communities feeling ignored with low trust in this structure.
- Participatory government is rhetorical, ad hoc and has been reduced to a compliance driven formality with no measurable intent or outcomes.
- There is a notable absence of consistent and structured engagement with diverse stakeholder groups, including organised business represented by Chambers of Commerce, which contributes to growing mistrust, weakened accountability, and stakeholder disengagement from local governance processes.

- The private sector's valuable insight could strengthen local government, and unlock the business sector's expertise for the public good.

Proposal:
- A review of the White Paper must broaden the scope of participatory governance beyond ward-based structures.
- Participation structures should be professionalised to ensure regular, credible input into municipal planning, oversight, and accountability.
- It is suggested that inclusive, multi-sectoral local development forums be institutionalised, creating formal roles for bona fide Chambers of Commerce, among others. This can include permanent representation for Chambers on advisory panels, LED forums, procurement oversight committees, infrastructure planning panels and portfolio committees.
- A measurable *participation scorecard*, and structured social compacts, should form part of a renewed co-governance model.

3.6. Specialised urban and rural models of local government

Issue:
- South Africa's "one-size-fits-all" municipal model, despite its constitutional flexibility, has struggled to address the real structural and service delivery differences between urbanised metros, secondary and small towns, and vast rural areas.

Proposal:
- The review of the White Paper on Local Government should consider differentiated models of local government, that account for the unique needs and constraints of urban, peri-urban, and rural municipalities. The inclusion of distinct planning and fiscal frameworks and institutional partnerships, e.g. with traditional leadership, must ensure appropriate, equitable, and context-driven service delivery.
- A rural-responsive governance model, for example, could feature simplified planning and service frameworks where basic service mandates are prioritised, and a shared service models can relieve unnecessary regulatory burdens.
- A much-debated element of this White Paper review is the role of traditional leadership in rural governance. It is proposed that this role be strengthened by, for example, formally including traditional authorities as permanent advisory participants in rural municipal councils and relevant committees. Their involvement can enhance community engagement, participatory planning, and local dispute resolution. In this context, the recommendations of the Kgalema Motlanthe High-Level Panel Report on traditional leadership and governance should be revisited to inform appropriate institutional arrangements.

3.7. Strengthen intergovernmental and multi-sectoral collaboration

Issue:
- Poor coordination between national, provincial, and local spheres of government.
- As an example, to illustrate the breakdown in intergovernmental coordination, the 2022 KZN floods starkly exposed the dysfunction of parallel planning and the

exclusion of local government from response and recovery mechanisms, especially in infrastructure restoration.

Proposal:

- Institutionalise regional delivery compacts that binds all three spheres (and relevant SOEs) to a shared delivery agenda.
- Secondment and co-deployment of senior officials across spheres to improve cross-sphere knowledge, coordinate projects and fast-track approvals among others.
- Similarly, establish joint oversight and audit committees for shared mandates to track delivery on multi-sphere projects, audit coordination failures and recommend budget realignments or interventions.
- The District Development Model (DDM), while intended to improve integrated planning, has become overly bureaucratic and ineffective, lacking real joint planning, budget alignment, or accountability. The review of the White Paper should critically reassess the DDM and establish a legally grounded, locally accountable model of collaborative governance that includes municipalities and their social partners in co-design and implementation.

4. Concluding remarks

The 1998 White Paper was bold and visionary. However, South Africa's governance challenges now demand bold execution.

The iLembe Chamber supports a renewed, outcome-based local government system that is accountable, inclusive, and performance-driven.

We appreciate the opportunity to contribute and stand ready to engage further as the government reviews this submission.

Kind regards

Cobus Oelofse
Chief Executive Officer: iLembe Chamber of Commerce, Industry & Tourism

cc. President iLembe Chamber of Commerce