

**COMMENTS BY THE ORGANISATION UNDOING TAX ABUSE ON THE
REVIEWED DRAFT WHITE PAPER ON LOCAL GOVERNMENT**

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1. INTRODUCTION

The Organisation Undoing Tax Abuse (OUTA) welcomes the opportunity to comment on the Reviewed Draft White Paper on Local Government.

OUTA previously submitted comments on the Discussion Document for the review of the 1998 White Paper on Local Government. It is encouraging that a number of the concerns raised in that earlier submission are now reflected in the Reviewed Draft, including political interference, weak accountability, poor consequence management, financial distress, corruption, procurement abuse, superficial public participation, weaknesses in the two-tier district-local model, and the need for professionalisation and differentiated reform.

OUTA supports the White Paper's broad direction and its stated aim of moving local government towards municipalities that are ethical, capable, financially sustainable, citizen-centred and accountable.

Our central concern, however, is that South Africa has no shortage of sound diagnostics or reform proposals. What has repeatedly failed is implementation. The final White Paper must therefore move beyond analysis and policy intent. It should set out enforceable reforms, clear institutional responsibilities, realistic timelines, measurable indicators, public reporting requirements and consequences where implementation is neglected.

In the end, the real dividing line between sound local governance and municipal decline is political will. That is why the White Paper must deal far more directly with political accountability. Where office bearers fail in their duties, consequences must be clear, binding and unavoidable.

This submission focuses on the areas where the White Paper can be strengthened most meaningfully: political accountability and councillor competence; protection of the political-administrative boundary; consequence management and anti-corruption enforcement; procurement transparency and public oversight; municipal finance, affordability and value for money; citizen accountability and public participation; infrastructure maintenance and ring-fencing of trading services; differentiated

reform of municipal structures and functions; and implementation, monitoring and transition management.

The White Paper is right to acknowledge that local government failure is not simply a technical or funding problem. It is equally a problem of governance, leadership, accountability and integrity. Municipal collapse is often the result of political instability, interference in administration, poor appointments, procurement abuse, weak oversight, financial indiscipline, neglected maintenance, non-payment, unrealistic budgets and the steady absence of consequences.

The final White Paper should ultimately be measured against one practical question:

1. Will it make municipal success easier and municipal failure harder?

In OUTA's view, that will only happen if accountability is made enforceable across the full chain of actors in the system, including political office bearers, councils, municipal officials, provincial departments, national departments and relevant public entities. At present, legal and personal accountability often rests heavily on accounting officers, while political actors who cause, enable or benefit from unlawful decisions escape meaningful consequence. That imbalance must be corrected. A fair question is how much local government reform would still be necessary if there were already consistent political will to address the root causes of municipal failure within the existing legislative framework.

2. POLITICAL ACCOUNTABILITY AND COUNCILLOR COMPETENCE

OUTA welcomes the White Paper's proposals to strengthen the Councillor Code of Conduct, introduce minimum competencies for council leadership positions, establish a national councillor learning system, and consider public performance contracts for mayors and MMCs.

Those proposals are a step in the right direction, but they do not yet go far enough.

Local government is responsible for essential services, public infrastructure, land-use decisions, municipal budgets, tariffs, procurement and oversight over vast public resources. Councillors are therefore not ceremonial representatives. They hold public office with serious fiduciary, ethical, financial and governance responsibilities. It is neither reasonable nor sustainable for people to enter

that office without a basic working understanding of the Constitution, the Municipal Finance Management Act, the Municipal Systems Act, the Municipal Structures Act, the Councillor Code of Conduct, procurement boundaries, council oversight, financial literacy, budget approval, service delivery obligations and community accountability.

OUTA therefore recommends that the final White Paper introduce a national councillor readiness framework before local government elections. This should not amount to an exclusionary academic threshold that locks ordinary citizens out of office. It should instead operate as a practical minimum readiness requirement. All prospective candidates, whether party-nominated or independent, should complete a compulsory pre-election orientation or certification programme before appearing on the ballot. At present, the threshold for entry is too low for the level of responsibility involved, and municipalities cannot afford five years of on-the-job learning at the expense of service delivery and public money.

The readiness programme should cover, at a minimum, the constitutional duties of municipalities and councillors; the respective roles of council, the executive and the administration; the MFMA and municipal budget process; ethical leadership and conflicts of interest; the Councillor Code of Conduct; supply chain management boundaries; unlawful interference in administration; service delivery and infrastructure oversight; public participation and citizen accountability; financial literacy and budgeting; and the consequences of misconduct, non-disclosure and unlawful conduct.

Political parties should also be required to disclose, publicly and in a meaningful way, how they select, vet, train and prepare candidates for municipal office. Voters are entitled to know whether those standing for office are capable of carrying out its duties. Councillors are remunerated public representatives and should be expected to perform professionally in the interests of the municipality and the communities it serves.

OUTA further recommends that the White Paper distinguish between general councillor readiness and the heightened competency requirements that should apply to leadership and oversight roles. Mayors, executive mayors, deputy mayors, speakers, chief whips, MMCs, MPAC chairs, finance portfolio chairs, infrastructure portfolio chairs and councillors in other critical oversight positions

should meet higher minimum competency standards before assuming those roles. Those standards should be nationally prescribed, independently assessed and publicly reported.

3. ACCOUNTABILITY MUST FOLLOW POWER

OUTA remains particularly concerned about the imbalance between administrative accountability and political accountability in local government.

The municipal manager, as accounting officer, carries legal responsibility for municipal administration, financial management, procurement compliance, implementation of council decisions and statutory reporting. In certain circumstances, that responsibility can translate into personal liability, disciplinary action or even criminal consequence.

Yet many of the decisions and pressures that drive municipal failure originate in the political sphere. These include unlawful political instructions, interference in appointments, pressure on supply chain processes, obstruction of disciplinary action, political protection of corrupt officials, unrealistic budgets, unfunded commitments, factional decision-making, intimidation of officials and interference in investigations.

That creates a dangerous governance gap. Officials carry the legal risk for implementation failures, while political office bearers who caused, directed, enabled or benefited from unlawful conduct frequently avoid equivalent accountability.

For that reason, the final White Paper should adopt a clear principle: accountability must follow power. Where political office bearers exercise improper influence over administrative, financial, procurement or disciplinary processes, the consequences should attach directly to them.

The White Paper should therefore make explicit that councillors, mayors, speakers, chief whips, MMCs and other political office bearers may face disciplinary sanction under a strengthened Councillor Code of Conduct; removal from office for serious or repeated breaches; personal liability where their conduct causes financial loss or service collapse; referral for criminal investigation where corruption, intimidation, extortion, fraud or obstruction is indicated; disqualification from municipal office for a defined period in serious cases; and public reporting of findings and sanctions.

This reform is necessary to protect the integrity of the accounting officer role. Municipal managers and senior officials cannot reasonably be expected to carry legal responsibility while being exposed to unlawful political interference from actors who face no comparable risk. If political actors interfere, instruct, obstruct or manipulate, they must be held accountable in a manner that is real and enforceable.

4. PROTECTING THE POLITICAL AND ADMINISTRATIVE BOUNDARY

OUTA supports the White Paper's emphasis on depoliticising municipal administrations. The boundary between politics and administration has to be both clearer and more firmly enforced.

Councils should set policy, approve budgets, adopt by-laws, provide political leadership and exercise oversight. Administrations should implement lawful decisions, manage operations, appoint staff, procure goods and services, manage contracts, maintain infrastructure and account for performance. Those roles are complementary, but they are not interchangeable, and the line between them needs to be unmistakably clear.

OUTA recommends that the final White Paper include stronger safeguards against political interference. These should include a clear prohibition on councillors issuing instructions to officials outside lawful channels; a strict no-contact, no-instruction rule in relation to supply chain processes; mandatory reporting by municipal managers of political interference; protected reporting channels for officials who refuse unlawful instructions; compulsory investigation of interference complaints; sanctions for councillors who interfere in appointments, procurement, contract management, billing, enforcement, disciplinary processes or investigations; and public reporting of findings on political interference.

The White Paper should also require municipal delegations to be clear, current, legally compliant and publicly available. Weak or ambiguous delegation systems create room for manipulation, delay and blame-shifting.

5. CONSEQUENCE MANAGEMENT AND ANTI-CORRUPTION

OUTA supports the White Paper's proposals on integrity, lifestyle audits, whistleblower protection, supply chain controls, responses to Auditor-General material irregularities, MPAC strengthening and audit committee functionality.

What South Africa lacks is not anti-corruption language, rather, it lacks consequences, follow through and personal accountability.

The final White Paper should therefore require a single, enforceable municipal integrity and consequence management framework. At a minimum, that framework should include mandatory lifestyle audits for mayors, speakers, MMCs, senior councillors, municipal managers, CFOs, senior managers and officials in high-risk functions; declarations of interests, beneficial ownership and related-party risks; time-bound responses to Auditor-General findings and material irregularities; quarterly public reporting on audit action plans; independent tracking of consequence management cases; mandatory referral to law enforcement where criminality is indicated; protection for whistleblowers and officials who resist unlawful instructions; consequences for councils, speakers, MECs or departments that fail to act; public reporting of disciplinary outcomes within lawful limits; and coordination with the SIU, Hawks, NPA, Public Protector, AGSA and National Treasury where appropriate.

OUTA further submits that failure by a council, speaker, mayor, MEC or national department to act on clear evidence of misconduct should itself be treated as a governance failure. Oversight actors cannot be free to ignore wrongdoing without consequence.

6. PROCUREMENT TRANSPARENCY

Procurement abuse remains one of the clearest and most damaging manifestations of corruption in local government. OUTA supports the White Paper's proposals to separate councillors from supply chain management and to strengthen procurement transparency.

The crucial point, however, is that transparency in procurement should be mandatory, not optional.

Every municipality should be required to publish, in a standardised and searchable e-procurement format, its procurement plans, tender advertisements, bid specifications, evaluation criteria, names of bidders, bid scores where legally permissible, adjudication outcomes, reasons for awards, contract values, contract duration, variations, extensions, deviations, beneficial ownership information, politically exposed person checks, blacklisted vendors and directors, implementation milestones, payment status and contract performance information.

That information should be accessible through a central municipal procurement transparency portal linked to municipal websites and National Treasury systems. Public oversight, civil society scrutiny and media visibility remain among the most effective tools for preventing corruption before it becomes systemic.

7. MUNICIPAL FINANCE, AFFORDABILITY AND VALUE FOR MONEY

OUTA welcomes the White Paper's recognition of municipal financial distress, rising bulk electricity and water costs, wage pressures, weak revenue collection, mounting debt and the affordability crisis facing households.

The White Paper should, however, go further in protecting residents and businesses from tariff abuse, unaffordable increases, poor value for money and the diversion of service revenue away from service sustainability.

Municipalities cannot continue to compensate for inefficiency, corruption, water losses, electricity losses, neglected maintenance and bloated wage bills through above-inflation tariff increases and escalating fixed charges. Residents are not simply refusing to pay for services; in many cases, they are resisting a system that expects them to absorb the cost of municipal failure while receiving declining value in return.

OUTA recommends that the final White Paper make clear that municipal tariffs should be not only cost-reflective, but also efficiency-reflective. Consumers should not be expected to fund avoidable losses, corruption, waste or inefficiency. Fixed charges should be justified, transparent, affordable and linked to service availability. Trading services such as water, electricity and waste should be financially ring-fenced, with revenue first used to sustain operations, maintenance and asset renewal before it is

diverted to general expenditure. Tariff increases above inflation should require a clear public motivation and independent scrutiny. Wage increases should be aligned with affordability, productivity and financial sustainability, rather than being shaped externally with little regard for municipal realities. Municipal workforces must be productive and properly managed, reducing unnecessary dependence on external service providers and duplication of workforce. Unfunded mandates should be identified, costed and addressed through a finance-follows-function framework. Debt recovery measures should not punish paying residents for municipal failure. Municipal bargaining power should be exercised more effectively, both internally and with bulk suppliers. Greater efficiency is needed across departments, and zero-based budgeting should be considered to identify the real cost of service delivery and eliminate unproductive expenditure. Service losses must be reduced to improve revenue performance, and financial recovery plans should carry consequences for mismanagement, not simply repayment schedules.

OUTA also recommends a focused review of municipal wage bargaining and productivity. Wage increases that outpace inflation while service delivery declines are plainly unsustainable. Remuneration growth should be linked to affordability and the financial health of the municipality. The White Paper should address the mismatch between affordability, remuneration growth, staffing structures, skills shortages and productivity.

8. INFRASTRUCTURE MAINTENANCE AND SERVICE DELIVERY

OUTA supports the White Paper's focus on infrastructure decline, maintenance backlogs, asset renewal and service delivery failures.

Infrastructure failure in municipalities is not only a technical issue. It is also a consequence of weak governance and poor financial discipline, where revenue collected for services is too often diverted, maintenance is deferred, asset registers are unreliable, technical posts are left vacant or politically manipulated, and procurement systems fail to deliver value.

OUTA recommends that the final White Paper require mandatory infrastructure asset management plans, ring-fenced maintenance budgets for core services, regular public reporting on maintenance backlogs, publicly accessible digital service-level dashboards, disclosure of water and electricity losses, independent technical review of major infrastructure failures, consequences for councils that

knowingly approve budgets which underfund maintenance, stronger competency requirements for infrastructure oversight, practical shared-service mechanisms where specialist local capacity cannot be sustained, and greater transparency on infrastructure grant spending and project progress.

OUTA supports flexible service delivery models where they genuinely improve value for money, service reliability and accountability. That said, alternative delivery arrangements must never become a back door to patronage, corruption or opaque outsourcing. Public assets must remain protected, and any contracts must be transparent, performance-based and open to public scrutiny.

9. CITIZEN ACCOUNTABILITY AND PUBLIC PARTICIPATION

OUTA welcomes the White Paper's shift from participation as a procedural exercise to participation grounded in collaboration and partnership.

In many municipalities, public participation has become ritualised. Communities are called to meetings, spoken at, ignored and then informed afterwards that consultation took place. That approach erodes trust, fuels protest and leaves residents feeling that disruption is the only way to be heard.

The final White Paper should therefore require enforceable public participation standards. These should include plain language publication of budgets, IDPs, tariff proposals and major projects; adequate notice periods for meetings; hybrid and digital participation options; written responses to material public submissions; ward-level project and service dashboards; complaint-tracking systems with reference numbers and turnaround times; escalation routes where complaints are ignored; public reporting on what community input was accepted or rejected, and why; citizen scorecards on service delivery; scope for structured community partnerships with municipalities to address local problems; and protection of civic actors, residents' associations and civil society organisations from political intimidation.

OUTA supports the use of digital tools, but they should complement face-to-face participation rather than exclude residents who lack connectivity or digital literacy.

10. DIFFERENTIATED LOCAL GOVERNMENT AND STRUCTURAL REFORM

OUTA supports the White Paper's recognition that the current two-tier district-local system is often duplicative, costly and ineffective. In many cases, the district model has failed to deliver the coordination, support and economies of scale originally envisaged.

OUTA supports a move towards a more differentiated system, including single-tier arrangements where appropriate, provided reform is guided by clear principles. Local democracy should not be weakened. Structural reform should address duplication without leaving root causes untouched. Service delivery accountability must be clear, finance must follow function, communities must understand who is responsible for which service, transitions must be carefully planned and communicated, weaker municipalities must not simply be absorbed into larger dysfunction, categorisation and functional assignment should be evidence-based, and the costs and benefits of each structural reform should be publicly disclosed.

OUTA supports simplification but cautions that structural reform without governance reform will not succeed. Redrawing boundaries or changing categories will not, by itself, fix corruption, weak leadership, political interference or poor financial discipline unless accountability is enforced.

11. INTERVENTIONS, EARLY WARNING AND SECTION 139

OUTA welcomes the White Paper's recognition that interventions are often too late, too politicised and too ineffective.

The final White Paper should require a data-driven early warning and intervention system with objective triggers. Intervention should not depend solely on political discretion once clear evidence of municipal decline exists. Municipalities rarely fail overnight; in many instances, their decline is visible long before formal intervention, often alongside failures in provincial and national oversight.

OUTA recommends objective risk indicators across finance, governance, service delivery and infrastructure; mandatory escalation once thresholds are breached; public reasons where provinces or national departments decide not to intervene; public intervention plans with timelines, budgets, responsible parties and exit criteria; independent monitoring of intervention progress; consequences

for provincial or national actors who fail to act; protection of essential services during interventions; debt management plans that do not punish paying residents; and anti-corruption investigations where distress is linked to fraud, capture or procurement abuse.

Interventions should be designed to change behaviour and systems, not simply to place another administrative layer over a failing municipality.

12. IMPLEMENTATION AND TRANSITION MANAGEMENT

OUTA strongly supports the White Paper's recognition that implementation failure has undermined previous reform efforts.

The proposed transition management body must, however, be designed with care. It should not become another committee or bureaucratic layer that talks about reform without driving it. Its mandate should be clear, its reporting duties public, its independence credible, and its deliverables measurable.

OUTA recommends that the final White Paper require this body to publish a reform implementation plan within 90 days of adoption; identify the responsible institution for each major reform; publish quarterly progress reports; maintain a public reform dashboard; identify blockages and the actors responsible for them; recommend corrective action where implementation stalls; include structured engagement with civil society, business, professional bodies and communities; report annually to Parliament; track implementation across national, provincial and municipal spheres; and publish a final two-year assessment before any extension of its mandate.

The transition management body should be independent enough to speak frankly about failure, including failure by national and provincial departments. If it is limited to coordinating departments without any meaningful public accountability, it will not solve the implementation problem.

13. CONCLUSION

OUTA supports the broad direction of the Reviewed Draft White Paper. It identifies many of the root causes of local government failure and proposes reforms that could materially strengthen governance, accountability, financial management, service delivery and public trust.

What is now needed is a sharper final White Paper. South Africa does not need another reform document that reads well but fails in implementation. It needs enforceable accountability, competent councillors, protected administrations, transparent procurement, realistic municipal finances, maintenance discipline, stronger citizen oversight and real consequences for misconduct in both politics and administration.

At the heart of OUTA's submission are two linked principles:

1. competence before office; and
2. accountability in office.

Political power must carry political accountability. Councillors and political office bearers cannot interfere in administration, procurement, appointments, investigations or financial management while leaving only the accounting officer exposed to legal and personal consequence. Accountability must follow power.

If these principles are clearly embedded in the final White Paper and in the legislative reforms that follow, South Africa will stand a far better chance of rebuilding local government that is ethical, capable, financially sustainable and worthy of public trust. That, in turn, will create firmer foundations for growth, confidence and service delivery.

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