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MEDIA RELEASE

State of South African Municipalities: Challenges and Solutions Discussed at SAPOA Annual Convention 2024

During the 2024 Annual Convention of the South African Property Owners Association (SAPOA), a group of specialists discussed the fundamental issues and practical remedies required to enhance South Africa's local governments. Given that only 13% of municipalities received clean audit results, the panel addressed the urgent need for improved accountability, competent leadership, and governance.

In addition, they emphasised the importance of leadership stability, stronger enforcement of procurement laws, and public-private partnerships as critical measures in reversing municipal dysfunction and guaranteeing efficient service delivery. The panellists urged concerted action to create a more open and accountable local government system and stressed the importance of improving municipal performance in luring investment and promoting economic growth.

Municipal Performance – A Crisis in Accountability

The Office of the Auditor-General's Head of Portfolio, Andries Sekgetho, provided some depressing data from the most recent municipal audit report. Only 13% of South African towns were able to obtain clean audits, according to the findings, which exposed a serious lack of accountability in local government. Weak financial management, inefficient procurement procedures, and a deficiency in the provision of basic services characterise this dysfunctional environment. Sekgetho noted that significant anomalies resulted in financial losses of R7.5 billion, of which just under R1 billion was restored. "The failure to adhere to governance laws robs citizens of essential services and delays critical infrastructure projects," he cautioned.

However, Sekgetho stressed that solutions are within reach. The Auditor-General's office continues to engage with the Department of Cooperative Governance and Traditional Affairs (CoGTA) and National Treasury to enhance oversight, enforce compliance, and

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build a culture of accountability. "It's about improving planning processes, strengthening reporting credibility, and ensuring that skilled and ethical people are appointed to key positions," Sekgetho said.

Private Sector Collaboration – A Key to Recovery

The panel agreed that addressing the dysfunction in municipalities requires collaboration between the public and private sectors. Gilly Dlamini, General Manager of Public Policy for Financial Inclusion at the Banking Association of South Africa (BASA), underscored the importance of municipal performance in attracting investment. "When municipalities are dysfunctional, it impacts investor confidence. Banks and investors assess local government stability before making decisions. It is critical for us to work together to hold municipalities accountable," she said. Dlamini called for stronger recovery plans and suggested that municipalities that show consistent dysfunction should face more stringent consequences from CoGTA.

Learning from Success – The Case of Cape Town

Nonelala Mtwana from Wesgro emphasised the importance of visionary leadership and good governance in driving municipal success, pointing to Cape Town as a model. "Cape Town's strong governance framework, combined with effective public-private partnerships and strategic infrastructure investment, has attracted substantial foreign direct investment (FDI) and supported SMMEs," she said. Cape Town's success in lowering unemployment and increasing direct flights into the region shows how sound governance can stimulate economic growth. Mtwana added, "Municipalities need to focus on building competent administrative teams and creating environments that support business development."

Tshwane's Path to Improvement

Alderman Cilliers Brink, Executive Mayor of Tshwane, addressed the political instability that has plagued many municipalities, including his own. He explained that leadership instability often leads to governance failures, but Tshwane is working to reverse this trend by focusing on long-term leadership strategies. "We're learning from the mistakes of the past. Stability and skilled management are critical to municipalities playing a role in stimulating local economies," Brink stated. He shared that Tshwane has already made strides in improving its audit outcomes by identifying root causes of financial mismanagement and addressing leadership weaknesses.



A Call to Action for Municipal Revitalisation

The panel collectively called for urgent reforms to address municipal failures. Strengthening the governance framework, enforcing stricter procurement laws, and ensuring that municipalities are led by competent and ethical officials are key to ensuring municipalities become enablers of growth rather than barriers. Palesa Phili, CEO of the Durban Chamber of Commerce, stressed that infrastructure and governance failures in major cities like Durban threaten not only local economies but the national economy as a whole. "We must take action now to ensure that municipalities function effectively," she urged.

The conversations demonstrated that solving the dysfunction of South African municipalities is a multifaceted problem including the public, commercial, and civil society sectors of the government. It is possible to turn local government into a dependable force for service delivery and economic progress with the correct leadership and group effort.

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