

OPINION

YUSUF PATEL | Will the local government review go far enough? A spatial economy perspective

Current proposals risk repeating past failures without spatial economy alignment

July 27, 2026



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The writer says the local government policy review proposes a more predictable system for delegating sectoral powers and functions and moving towards single-tier local government outside the metros, managed through a local government centre that would set criteria and oversee the determination process. (Supplied)

The local government policy review being considered in parliament is a much needed intervention to improve the functioning and performance of municipalities, but it may fall short if it is not accompanied by broader changes in the overall structure of government and in the intergovernmental system that aligns to a spatial economy logic.

The 1998 White Paper on Local Government set out a developmental role for municipalities to help overcome apartheid spatial form, address racially skewed infrastructure and service provision and build sustainable communities, integrated neighbourhoods, resilient infrastructure and inclusive local economies.

Its core premise remains spatial redress, with a wall-to-wall system of democratic, participatory municipalities having a single tax base and more equitable delivery across all communities within each municipal jurisdiction.

After 25 years that premise remains valid, but implementation has been weakened by municipal governance failures, structural weaknesses in municipal spatial configuration and limits in the intergovernmental architecture. Many local municipalities have struggled to co-ordinate spatial and socioeconomic transformation, while district municipalities have often failed to perform an effective co-ordinating role outside the metros.

The review identifies several root causes: weak political leadership and instability; corruption and criminal practices; upward accountability to parties rather than communities; compliance-driven performance systems; fragmented national regulation, oversight and support; unclear powers and functions; weak intergovernmental relations; delayed support and intervention; and overlap between district and local municipalities, which blurs accountability and creates unfunded mandates.

Governance failures have weakened spending, revenue generation and collection. However, governance improvements alone may not resolve the deeper structural problem.

Municipalities cover vast spatial areas. Many local municipalities encompass vast low-density areas with large rural and traditional authority spaces and rapid displaced urbanisation. The cost of infrastructure and services in these areas, with limited or unrealised revenue potential, creates a serious financial sustainability challenge. Similarly, many metros have apartheid-rooted spatial-inverted densities and sprawl with complex urbanisation challenges.

The fiscal system does not respond adequately but rather compounds this challenge. Most nationally raised revenue flows to national and provincial government, leaving local government with about 10% of the equitable share and heavily dependent on sector departments and state-owned entities for co-ordinated planning, budgeting and implementation.

The review proposes a more predictable system for delegating sectoral powers and functions and moving towards single-tier local government outside the metros, managed through a local government centre that would set criteria and oversee the determination process.

While this may bring greater certainty it could remain open-ended, bureaucratic and exposed to political pressure. It may also distract municipalities by encouraging continuous jostling for status, powers and functions.

The proposals ought to go further by addressing the broader intergovernmental architecture and the spatial configuration of municipalities. A more fundamental reform could envisage a two-sphered system of government with a strong national centre incorporating provincial administration and better capacitated and spatially reconfigured single-tier municipalities organised around functional regional and local economies.

This would reduce duplication, co-ordination burdens and intersphere political contestation, while allowing functions such as health, education, safety and security to retain strong national policy and oversight with stronger district management and administrative systems and without being fragmented across nine provincial windows. As a default position, functions such as human settlements and public transportation should be regarded as core to achieving integrated development at municipal level.

Performance, municipal viability and accountability can be improved by tailoring the functions and reconstituted capabilities of municipalities to the nature of their spatial economies - metros with high urban conglomeration and density requiring spatially integrated land, property development and urban management systems; local municipalities with urban and town-based infrastructure, spatial transformation and local economic development; and district municipalities with regional integration focus, rural development and regional scale bulk infrastructure and service delivery modalities.

In this model, metros, districts and local municipalities each operate as single-tier municipalities with direct governance and service delivery responsibilities over defined communities and territories within a more streamlined intergovernmental structure. Metros could remain as currently demarcated but with a regulated decentralised ward or subward area based urban management system (including depots and proactive units that undertake day-to-day repairs, maintenance and upkeep) due to their vast nature that strengthens responsiveness and ward councillor oversight.

Local municipalities may be demarcated more narrowly around urban spatial density of secondary cities, towns and major rural centres. This may increase the number of municipalities, but they would be smaller, more viable and empowered for integrated local development, including human settlements and public transport functions. Current districts would be single-tier municipalities responsible for rural development and regional

spaces outside these newly demarcated local municipalities.

These district municipalities would hold direct service delivery, regional economic development and regional infrastructure investment responsibilities. Powers and functions, fiscal resources and skills currently dispersed across provinces, national departments and state-owned entities can be redirected or reorganised closer to communities and configured around stimulating functional regional and local economies.

This model builds on recent co-operative governance practice, including the district development model, which highlights the district and metro spaces as an appropriate scale for intergovernmental co-ordination: large enough for regional integration, but close enough to respond to community needs and to local economic and built-environment dynamics and realities.



The model should not be reduced to a local government reform instrument which the review may risk cementing such perception.

With the district development model sitting beside the reconstituted single-tier district municipalities and metros, state cohesiveness and performance may be radically improved. The district and metro space political championship approach within the model may also have lessons for cementing a ministerial model made up of sectoral portfolios and spatial portfolios. Similarly, this could extend to the oversight function in the legislative arm.

The clarity and distinction between district development model as a co-operative governance mechanism converging in district and metro spaces and districts and metros as municipalities with jurisdictional powers and functions must be maintained. The model should not be reduced to a local government reform instrument which the review may risk cementing such a

perception.

It is being institutionalised as a co-operative governance mechanism and needs to be positioned more as such in the review that supports whole-of-government co-ordination and delivery, while reinforcing - not replacing - the governance, service delivery and accountability responsibilities of local government. It improves spatial targeting and local responsiveness of sector departments and state-owned entities by orientating their work and performance around district and metro spaces as well as converging and concentrating resources and impact at this developmental scale.

Local government reform therefore ought to be pursued alongside broader intergovernmental, spatial reorganisation and spatial orientation and targeting rationales. Only then can the structural and systemic causes of municipal weakness be addressed more effectively as part of a more capable, accountable and viable developmental state machinery that centres municipalities with clearer roles, functions, capabilities and co-ordination support to be more self-sustaining and impactful.

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