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Reviewed Draft White Paper on Local Government, 2026

Beyond Funding — From Paper to Practice: What the Draft asks of Municipalities

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What this presentation covers

01

The question at the centre

Money, and the institutional conditions that determine what money can do.

The money is there — collection and governance are the problem

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municipalities with clean audits — the governance of financial management, not the allocation, is what fails (AGSA, 2025)

<70%

of billed revenue actually collected by municipalities — the money is invoiced, not recovered

R500bn

cash owed to municipalities and still uncollected — money already due, not money still to be granted

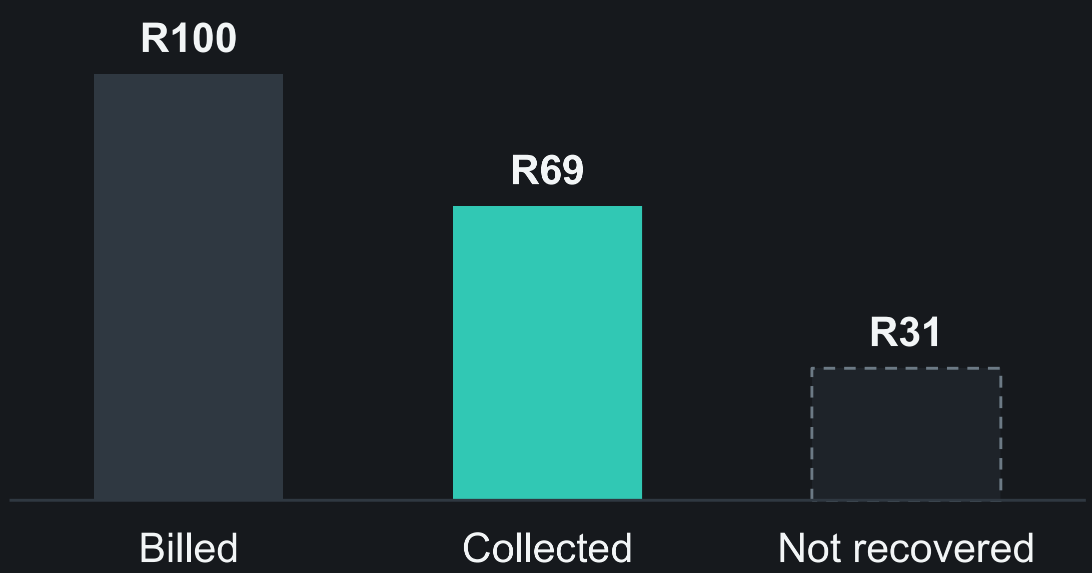
R25bn

lost every year through infrastructure leaks — water and electricity losses never billed at all

Sources: Business Day (2026), 24 August (SALGA, municipal consumer debt); RSA (2026). Reviewed Draft White Paper on Local Government; AGSA. Local government audit outcomes.

Billed versus collected — where the money is lost

For every R100 billed by municipalities, under R70 is recovered



WHAT THE GAP COSTS

R500bn

in cash already owed to municipalities and still uncollected.

A further R25bn is lost every year through infrastructure leaks — water and electricity never billed at all.

Sources: Business Day (2026), 24 August (SALGA, municipal consumer debt); collection rate indexed to R100 billed.

Point of departure

THE QUESTION

If enough money is already available — with close to R500 billion owed but uncollected and under 70% of billed revenue recovered — can the equitable share achieve its developmental purpose without stronger revenue governance, integrated assurance and institutional accountability?

THE PROPOSITION

The sector's problem is not primarily a funding gap but a collection and financial-governance gap. More money into weak revenue and assurance systems buys compliance, not services.

Building on Joubert (2026) on smart governance in revenue-generating municipalities: the money question is a governance question.
Sources: Joubert, D. (2026). From Innovation to Sustainability. SAAPAM Conference.

02

What the draft does, and does not, do

Credit where it is due — and the one architectural gap that follows.

The gap is architecture, not intent

The draft creates assurance actors. It does not create an assurance architecture that connects them — so each continues to report separately on the same risks.

CORROBORATION — TERMS THE REVIEWED DRAFT DOES NOT YET USE

NOT USED	NOT USED	NOT USED	NOT USED
“Combined assurance”	**“Integrated assurance”**	**“Internal audit”**	**“Organisational risk management”**

The MFMA already mandates these functions, and King IV has asked since 2016 that they be combined. What the draft does not yet require is that integration.
Sources: IoDSA (2016). King IV Report on Corporate Governance; RSA (2003). Municipal Finance Management Act 56 of 2003.

The consequence: parallel systems inside municipalities

Performance management, internal audit, risk management, oversight, and monitoring and evaluation exist in most municipalities — but operate as parallel systems producing parallel reports.

CONSEQUENCES

01

Compliance artefacts are generated instead of institutional insight

02

No single credible account of the revenue chain — what was billed, what was collected, what became a service

03

Implementation risks surface later as the next generation of audit findings

03

From paper to practice

One principle, then three moves — each attached to a mechanism the draft already proposes.

Back to Basics — where the chain breaks

- Putting people first
- Good governance — where the chain begins to break
- Sound financial management — where the collection gap sits
- Institutional capacity — where assurance is fragmented
- Basic service delivery

Back to Basics named the right five requirements but not the mechanism that holds them together. That is what King IV adds — combined assurance, one view of risk across governance, financial management and capacity.

The principle — governance before funding

The three moves that follow rest on one sequence: institutional capability and assurance are built first, so that allocations arrive in an environment able to convert them into services.

WHAT THE PRINCIPLE MEANS

WHY THE SEQUENCE

More money into weak revenue and assurance systems buys compliance, not services

WHAT IT DOES NOT MEAN

No allocation is withheld — the sequence governs how money is accounted for, never the amount

WHAT FOLLOWS

Three moves: engage the incentive principle, insert assurance into the draft's vehicles, define public value

Move 1 — Engage the draft's own incentive principle

The draft already contains a performance and incentives principle, and names the equitable share as the core redistributive instrument.

THE CONSTRAINT, THE INSTRUMENT, AND THE ASK

THE FISCAL CONSTRAINT

Revenue neutral for national government — raise allocations to poorer regions without raising the vertical share

THE NEW INSTRUMENT

Origin-based revenue sharing — a VAT share replacing the fuel levy, growing with the local economy

THE ASK

Attach assurance conditions to how allocations are accounted for, never to the amount

Move 2 — Insert assurance into the vehicles the draft creates

INDICATOR SET

Make the single jointly signed indicator set the shared risk universe for every assurance provider

CLEARING HOUSE

The coordination centre, due within three months — give it custody of an assurance framework

TRANSITION BODY

The transition body — add combined assurance to its finance and fiscal work stream

WARNING SYSTEM

Let assured evidence drive risk grading and escalation, not parallel reports

> ***One risk universe, one line of sight, one integrated report — built inside the draft's machinery, not alongside it.***

Move 3 — Define what measurable public value means

AN OUTCOME INDICATOR TIED TO THE EQUITABLE SHARE WOULD SHOW

REACH

Indigent households actually receiving the free basic services the allocation funds

CONTINUITY

Service reliability sustained over time, not activity counted at a point in time

EVIDENCE

Assurance over the outcome data itself, not only over the expenditure

> ***The difficulty is seldom the absence of activity. It is the absence of trustworthy evidence about what that activity achieved.***

What this asks of municipalities

- Treat revenue collection as a governed process — billing integrity, credit control and debt management under one assured risk view
- Adopt a combined assurance framework with real mandate, standing and council approval
- Map every assurance provider onto one risk universe built from the Circular 88 indicator set
- Scale to capacity — in-house integration in metros, and shared district-level assurance for smaller local municipalities
- Build the professional skills that integrated assurance requires
- Report public value and collection performance, not only expenditure and compliance

From asking for more to collecting what is owed and turning it into services — the mandate of every finance, audit and risk officer here

04

Where this leaves us

What the draft gets right, what it leaves open, and what to do next

Where I land

Close to R500 billion is already owed to municipalities and under 70% of billed revenue is recovered. The draft diagnoses funding, structure and capacity; the binding constraint is revenue governance and integrated assurance.

TWO CONCLUSIONS

ON DIAGNOSIS AND MONEY

Governance is treated as capacity, not as a determinant of performance. Attach assurance conditions to how allocations are accounted for — never to the amount.

ON COHERENCE AND ASSURANCE

Bind the parallel systems to one risk universe built from the Circular 88 indicator set, and give combined assurance real mandate and standing.

Where the opportunity now lies

Public comment on the gazetted draft closed on 28 May 2026. The point of influence has moved from submissions to implementation.

THE LIVE OPENINGS

NEAR TERM

The policy coordination centre and the transition management body, both still being constituted

ANNUAL

The jointly signed Circular 88 indicator update — where assured outcome measures can be embedded

DEADLINE 2031

Institutionalise in year one and scale to 2031 — what is not embedded by then is legislated without it

Final view

"Local government has never suffered a shortage of policies, frameworks and guidance. What has been harder to achieve is the alignment of resources, capability and accountability — and that alignment is the test the equitable share must now be asked to pass"

Communities are not owed only better governance. They are owed water, lights and refuse removed. Governance is simply how we make certain they get them.

References

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Sources consulted for the figures, frameworks and quotations utilised in this presentation.

Thank you

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