

[ESSENTIAL READING]

Why South Africa needs fewer, stronger municipalities

What South Africa faces in local government is not simply administrative decline, but a growing mismatch between the institutions it has and the economy that sustains them.

BY JOSEPH SEKHAMPU

The South African municipal landscape is not collapsing in a single moment of crisis. It is eroding in slow motion. Hundreds of local councils operate as if the Constitution demanded their existence but not their viability. They table unfunded budgets, default on debt, preside over the decay of water and electricity networks, and survive largely on fiscal transfusions from the centre. The Auditor-General's warnings that only a small fraction of municipalities remain functionally stable no longer sound like outliers; they describe the system.

In his address to Parliament, the Deputy President struck a familiar tone, emphasising that government is working to stabilise service delivery, particularly water, through improved coordination and stronger municipal capacity. It is a measured and reasonable response. Yet it also reflects a deeper assumption that the system itself remains sound and that the crisis lies primarily in how it is managed. With local government elections approaching, the pressure to demonstrate improvement will

intensify, but the incentives to confront deeper structural questions may weaken.

Yet, beneath this framing, the evidence points to a more complex reality than current policy assumptions allow. Our municipal map is a graveyard of political optimism. Designed for a post-1994 vision of community empowerment, it now reflects shrinking tax bases, hollowed out administrations, and territories that can no longer carry the institutional load placed upon them. Across successive audit cycles and fiscal reviews, a consistent pattern has emerged. A relatively small group of municipalities operate with some degree of stability, while a much larger share struggle under weak revenue bases, limited economic activity, and persistent governance strain. In many cases, particularly in areas with little underlying economic base, the issue is not administrative failure alone, but structural non-viability.

The intellectual case for consolidation is clearer than our politics allows. After 1994, South Africa consolidated a highly

fragmented system of racially defined local authorities and homeland administrations into a unified structure of municipalities, demonstrating that large-scale institutional redesign is neither unprecedented nor unthinkable. Local governments thrive only when they have enough revenue, administrative depth, and authority to meet community needs. When these conditions collapse, decentralisation becomes a burden rather than a virtue, and South Africa sits precisely in this predicament. Large sections of local government no longer have the capacity to plan, regulate, maintain infrastructure, or coordinate investment. Without these functions, 'local government' becomes a ceremonial label attached to institutions incapable of governing.

South Africa may need to begin a deliberate consolidation process by reconfiguring local government into fewer, more viable regional authorities. This would align governance with actual economic corridors rather than inherited administrative boundaries. Larger

[Full Page Image](#)

www.marketiq.co.za | Tel: 011 884 7847 | enquiries@marketiq.co.za



municipalities are more likely to draw from deeper revenue pools, support career pathways for engineers and planners, integrate spatial development more coherently, and make oversight more feasible for provincial and national authorities.

This is not to suggest that scale guarantees effectiveness. Larger municipalities can reproduce inefficiencies and weaken accountability. The question, however, is not whether scale is ideal, but whether the current configuration remains viable in the absence of a sustaining economic base. Alternative approaches, whether through increased transfers, shared services, or centralisation, can mitigate aspects of the crisis, but they do not resolve the underlying problem of structural non-viability.

In this light, the case for consolidation is less a betrayal of local democracy than a defence of it. Insisting that every municipality must survive in the name of 'local voice' can become profoundly anti-democratic when these institutions cannot keep water clean, roads drivable, or

streetlights working. Local democracy without capabilities produces a paradoxical system where councils persist, but governance collapses.

Residents escape the system through nonpayment, migration, or private self-provision, while political incentives remain too weak to force reform. Municipalities that are too small, too poor, and too administratively thin cannot discipline leaders, attract skilled professionals, or maintain basic services. The structure protects political office but abandons public service. In this sense, the question is not whether consolidation reduces democracy, but whether the current system meaningfully delivers it.

Some will read this as privileging efficiency over representation or as a technocratic narrowing of democratic space. Yet the more difficult question is whether representation without capability still constitutes meaningful democratic participation, or whether it gradually erodes trust in democratic institutions themselves.

The Constitution protects effective, accountable, and development-orientated governance, not the

preservation of institutional forms that can no longer achieve those ends. If the current structure blocks the achievement of constitutional purpose, then fidelity to the Constitution may require redesigning its architecture. South Africa clings to 257 municipalities as if the number itself is proof of democratic reach. Increasingly, it is evidence of democratic overreach. This is not an argument for bypassing constitutional protections or weakening local accountability, but rather that a constitutional purpose may, in certain conditions, require institutional redesign rather than institutional preservation.

What South Africa faces in local government is not simply administrative decline, but a growing mismatch between the institutions it has and the economy that sustains them. Systems do not collapse only when they fail, but when they persist beyond the conditions that once made them viable.

Prof. Joseph Sekhampu is Chief Director of the NWU Business School. □

[Full Page Image](#)

www.marketiq.co.za | Tel: 011 884 7847 | enquiries@marketiq.co.za