PUBLIC GOVERNANCE · INSTITUTIONAL DESIGN

Structural factors driving local government performance failures

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The puzzle is persistence

ONE NATIONAL SIGNAL · AUDIT YEAR 2024/25

116

municipalities adopted unfunded budgets

77

of these did so for four consecutive years

Why do repeated warnings fail to change decisions?

Not just a bad year. A failure to change course.

Source: AGSA (2026), 2024/25 local government audit outcomes; media statement, 24 June 2026.

Structural does not mean unavoidable

DISTINGUISH THE TASK, THE RESPONSE AND THE FEEDBACK

PRESSURES

What must be managed

Poverty and revenue capacity

Settlement patterns

Service costs

INSTITUTIONS

How decisions are made

Appointments and authority

Resources and information

Accountability

FEEDBACK

How failure compounds

Asset deterioration

Fiscal pressure

Capability loss

Pressures shape the task. Institutions shape the response.

Basis: van den Heever (2026), Public Procurement, State Capability and Constitutional Accountability; municipal-finance analysis.

Revenue credibility is an institutional signal

JOHANNESBURG AND CAPE TOWN · HISTORICAL COMPARISON

Cumulative gap between revenue budgets and recognised revenue

Rates and service charges | 2008/09–2023/24

JOHANNESBURG

R25.3bn

Persistent revenue shortfalls

CAPE TOWN

R29m

Much closer budget–outcome alignment

A useful comparator—not a controlled experiment.

Source: Götz / GCRO (2025). The gap is not outstanding debt or cash loss; recognised revenue includes unpaid amounts.

Competence needs protected authority

MERIT AT APPOINTMENT IS NOT ENOUGH

POLITICAL DIRECTION

Set priorities

Approve budgets

Scrutinise results

PROFESSIONAL EXECUTION

Manage operations

Procure and supervise

Report and account

What happens to an official who refuses an improper instruction?

Basis: van den Heever (2026), Public Procurement, State Capability and Constitutional Accountability, executive summary and §§3–4.

How public resources can reproduce political control

THE PATRONAGE–PROCUREMENT CYCLE

Appointments

Who enters—and who stays

Operational control

Who can decide—or block

A reinforcing cycle

Patronage networks

Who gains influence and protection

Contracts and resources

Who receives public money

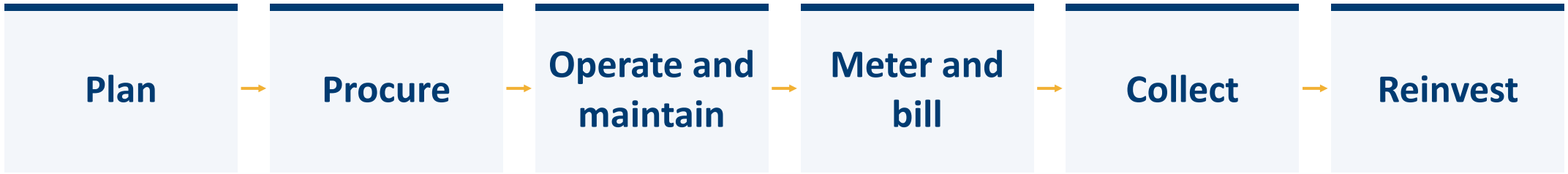
The system can reward alignment over performance.

Source: van den Heever (2026), Public Procurement, State Capability and Constitutional Accountability, §3 and Figure 1.

Responsibility is split. Who secures the result?

FOLLOW THE SERVICE, NOT ONLY THE ORGANOGRAM

A reliable water service needs a connected operating system.



Across entities, departments and spheres of government

Who has the authority, resources and duty to resolve the whole problem?

Illustrative service chain. Basis: van den Heever (2026), municipal-finance comparison and business-partnership critique.

A revenue budget is not cash in the bank

THREE DIFFERENT MEASURES

BUDGETED REVENUE

What we expect

→

RECOGNISED REVENUE

What the accounts record

→

CASH COLLECTED

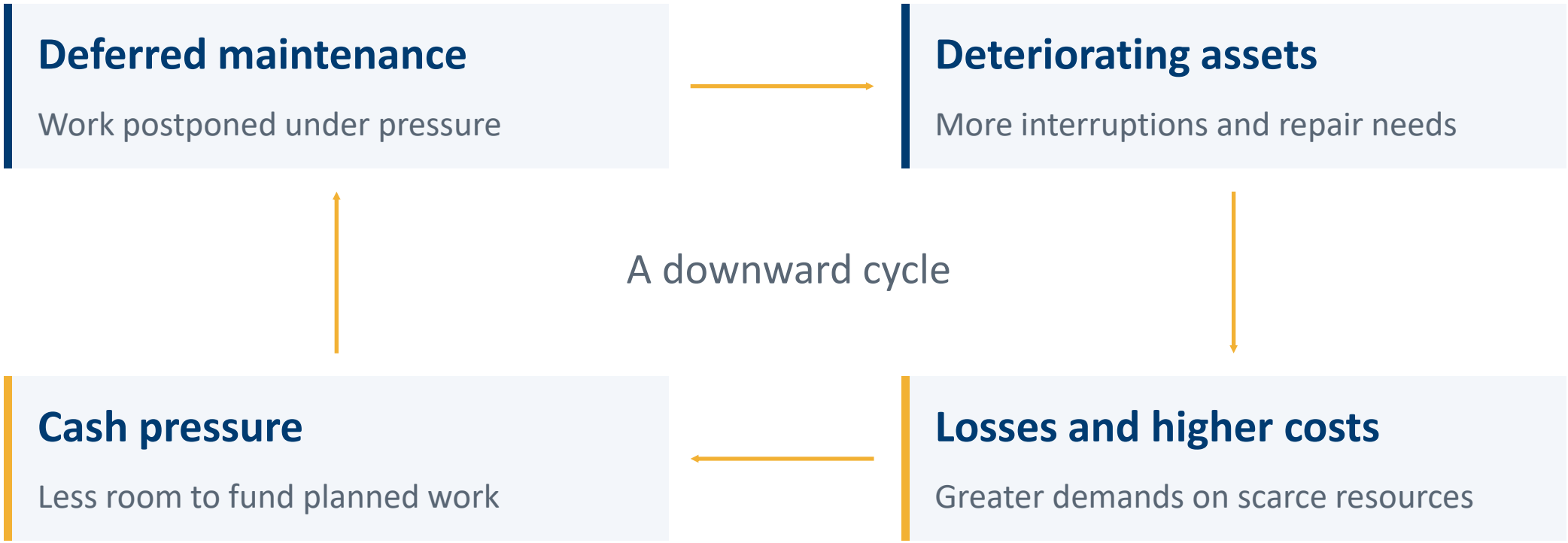
What has actually arrived

Expenditure commitments must reflect credible, collectable revenue.

Conceptual distinction. Basis: van den Heever (2026), City of Johannesburg and City of Cape Town: Budget Comparison.

Service failure becomes a fiscal cycle

FINANCIAL DISTRESS CAN BE BOTH A CONSEQUENCE AND AN AMPLIFIER



The financial response can deepen the operating problem.

Basis: van den Heever (2026), Johannesburg–Cape Town budget comparison. Causal model; individual loss measures require separate analysis.

Redistribution needs working administration

TURNING PUBLIC RESOURCES INTO A USABLE BENEFIT

01	02	03	04
Identify	**Apply**	**Deliver**	**Verify**
Eligible households	Accurate subsidies	Reliable services	Actual reach

An allocation is not yet a benefit.

Basis: van den Heever (2026), municipal-finance and redistribution analysis. Coverage must be assessed against the actual delivery policy.

Exposure is not the same as correction

ACCOUNTABILITY MUST CHANGE WHAT HAPPENS NEXT

Detect	Assign	Correct	Verify	Escalate
A credible signal	A named owner	A dated action	Independent evidence	A further response

Detection matters only when there is a credible route to action.

Basis: van den Heever (2026), Public Procurement, State Capability and Constitutional Accountability; concurrent accountability framework.

A remedy must change the binding constraint

TEST THE ASSUMPTION BEHIND THE TURNAROUND

MORE MONEY

Can the institution spend it effectively?

MORE EXPERTISE

Can expertise change decisions?

A NEW STRUCTURE

Does authority match responsibility?

Partnerships can support public authority. They cannot replace it.

Basis: van den Heever, Business cannot fix Johannesburg's political failure (draft); procurement reform analysis.

Match the reform to the failure mechanism

A DESIGN RESPONSE, NOT ANOTHER GENERAL APPEAL

FAILURE MECHANISM		STRUCTURAL RESPONSE
Appointment dependence	→	Protect professional authority
Opaque procurement	→	Make decisions and contracts visible
Fragmented responsibility	→	Align authority, resources and results
Fiscal and asset decline	→	Restore revenue and asset discipline
Uncorrected failure	→	Require verified, timely correction

Protection from interference—not protection from accountability.

Basis: van den Heever (2026), procurement integrity framework and municipal-finance analysis. Some reforms require wider legal or institutional action.

Stabilise services. Rebuild the institution.

TWO TRACKS THAT MUST START TOGETHER

PROTECT SERVICES	Critical repairs	Essential suppliers	Household support
REPAIR INSTITUTIONS	Credible information	Protected appointments	Visible procurement and correction

Reduce immediate harm while changing what reproduces failure.

Proposed sequencing, based on the author's procurement, municipal-finance and governance analyses; adapt to local authority and service risks.

Key takeaways

WHAT SHOULD CHANGE IN THE WAY WE DIAGNOSE AND REFORM?

01 **Explain the mechanisms—not only the symptoms.**

02 **Restore the capacity to detect and correct failure.**

03 **Judge reform by the decisions and services it changes.**

Make competent performance more likely—
and persistent failure harder to protect.