

National government won't necessarily solve municipal service delivery problems - commission

Cape Town – National government is not necessarily better than sub-national government at delivering services, according to the Financial and Fiscal Commission (FFC).

The FFC briefed media on Monday on its submission for the division of revenue for 2019/20, which it tabled in Parliament on May 31.

The report provides recommendations to government to inform policies. It is not binding by the Constitution – but government is required to seriously consider the recommendations. When National Treasury tables the National Budget, it has to comment on whether it has considered the FFC's recommendations.

At the briefing, FFC chairperson Professor Daniel Plaatjies spoke of recentralisation of functions to national government to ensure "better value for money" and improved service delivery. An example of this would be the North-West province being placed under administration.

This was not always the best solution, however, he said.

The commission recommends that government should not automatically increase the role of national government," Plaatjies said.

"Problems with provinces and municipalities [delivering] services are not necessarily going to be solved when national government takes over."

Instead, government should consider addressing capacity issues at sub-national level, he argued. This could be through policies, an implementation plan for policies, a system with capable people and resources, or fiscal transfers, among other things.

Case studies

Sasha Peters, researcher and programme manager of the national budget analysis unit, said the FFC investigated two case studies of recentralisation.

The first was the transfer of Technical and Vocational Education and Training (TVET) colleges to the national sphere. The other case was earmarked grants, where national government played a strong role in advising sub-national government on how it could spend the funds.

In both cases, in terms of spend and service delivery, performance was not necessarily better with the national sphere of government overseeing things, she said. Rather, it is better for government to look at other options, such as "capacitating" subnational governments before relocating functions.

The FFC also recommended that government should continually assess the impact of different funding instruments on service delivery performance. Government should take a "targeted" approach to implementing reforms.

Recentralisation reforms should involve careful assessment, they said, and policy priorities should be linked with funding and institutional capabilities.

One size doesn't fit all

Professor Nico Steytler, who is also part of the commission, said a "blanket" approach to recentralisation did not always work. He pointed out that only some TVETs were problematic, but all TVETs were shifted to national government when it was not necessary.

Similarly, with the North West being in crisis and being placed under administration in terms of s100 and s139 of the Constitution, it must not be assumed that the same approach will fit for other provinces, he argued.

Capacity

Plaatjies pointed out that capacity should be viewed within the context of public sector productivity. "Public sector productivity is a key matter which evades conversation," he said. This often involves waste in public service, errors, and the compounding effects of people manipulating processes and leakages in systems.

The reorganisation of local government is part of a bigger discussion on productivity, the FFC said. Plaatjies said the FFC had raised concerns over municipalities that would be unsustainable and pose a drain on the fiscus.

If there was limited economic activity in a given municipality, it was perhaps worth reorganising local government to "stop the drain in certain places of the fiscus and financial resources", he said.

Plaatjies added that the FFC was looking forward to the outcomes of the president's decision to reorganise national government.

"In the same way, we need reorganisation of what is happening in provinces and in the municipalities," he said. The idea of a regional government was conceivable, he said, as in the case of the three metros in Gauteng.

He also said no "one size fits all" approach would work in dealing with provinces and municipalities. "I can guarantee you – given what has happened over years – what happens in national government has a spill-over into provinces and municipalities," he said.

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