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'Financial distress of provinces hits service delivery'

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PROVINCIAL government departments are not only struggling to manage their finances but are also failing to meet their constitutional role as institutions of social change.

Poor monitoring and evaluation systems at sector level have made it increasingly hard to detect financial problems sooner and prevent sporadic total collapse in service delivery.

All this is revealed in a submission this week by the Financial and Fiscal Commission to the National Council of Provinces.

The commission highlighted that financial problems were often precursors to service delivery failures, adding that the implementation of the current Public Finance Management Act (PFMA) was failing to fully address problems in provinces.

"The Constitution and the PFMA are not explicit in prescribing interventions necessary to maintain national and minimum service delivery standards," the commission said.

"Some problems are because the revenue resources cannot be stretched to meet the expenditures mandated by the Constitution and demanded by the people, while others are related to inefficient use and inappropriate allocation of resources."

The commission's analysis on the financial distress of provinces was based on information provided by the Treasury to advise and make recommendations to Parliament, provincial legislatures, organised local government and other organs of state on financial and fiscal matters.

In resolving the dire state in which provinces are in, the commission recommended the introduction of an early warning, making the PFMA more explicit by setting out criteria to determine serious financial problems - with clear measurable factors of what leads to departments' inability to executive financial obligations.

The commission said at present, politicians and bureaucrats could not be easily held responsible for their deeds and that lines of accountability were blurred across the three spheres of government.

For example, premiers sign performance agreements with President Jacob Zuma, but legislatures are responsible for allocating resources, while the buck stops with national ministers.

It also suggests the setting of clear norms and standards for the performance of provincial treasuries, to reinforce authority to exercise their functions without undue interference when implementing provincial budgets. - nhlathih@sowetan.co.za

<http://www.sowetanlive.co.za/news/2012/07/13/financial-distress-of-provinces-hits-service-delivery>