



Financial and Fiscal Commission Local Government Fiscal Framework Public Hearings

Group 4

Group 4 – Issues to Consider

- Context Vs Performance
- LG data constraints
 - Issues of measuring poverty
- Non-fiscal instruments to improve service delivery
- Fiscal instruments with environmental objectives
- Internal municipal issues
 - Human resource issues
 - Institutional systems
 - Innovation

General/Cross Cutting Issues

- Cross cutting issues and other issues to remember
 - Are objectives of the system adequate?
 - Incentives in the system
 - Capacity and capabilities in the system
 - Urban/rural aspects of instruments and options
 - Link to general options of gap filling and performance
 - Hybrid of options

Questions for Groups

- What are the critical instruments and stakeholders in the LGFF with respect to group topic?
- Are instruments important or a constraint in the system?
- Are there additional instruments to be considered?
- Are the options proposed for existing instruments adequate?
- Are the options proposed implementable and who would be the primary driver?
- Are there additional options for instruments to be considered?

Context vs Performance

- Different Departments have different objectives:
 - Context and impact differs between municipalities
 - Performance should respond to different objectives
- Coordination and targeting of different Departments
- Differentiation to meet constitutional mandate

Context vs Performance

- What is the demand for services and ability to pay
- Unit cost of delivery (rural vs urban)
- Transparency
- Fiscally induced migration and differentiation

Data issues and Poverty Measure

- The role of STATS SA in the provision of updated information
 - Agreement on how to update data
- Technology to update less costly data
- Implement local government data centre
- Sharing information systems e.g Social Grants, Learner Unit Record Information Tracking System (LURITS)

Data issues and Poverty Measure

- Poverty measure:
 - *Principle*: Why do we need a poverty line?
 - Poverty measure has to be common
(Differentiation between urban and rural)
 - Unreliability of Income Data vs Expenditure Data
 - Inputting expenditure as a proxy for income

Internal Issues/Capacity

- Clear differentiation between capability and capacity
 - Should grants be funding inappropriate appointments?
 - Capacity must be linked with accountability
 - Demand and supply for capacity
 - Do we target capacity at individual or systematic level?

Internal Issues/Capacity

- Continuity of MM and CFOs
- Performance monitoring system in place i.e implementation of regulations
- Partnerships for in service training to ensure graduates
- What prevents municipalities from extending internships?
 - Cost, Incentives, Mentorship Capacity

Internal Issues/Capacity

- Understand long term needs (e.g skills, resources) and future system
- Do we use Universities to build capacity?
- Individual capacity building over-emphasized but not organizational (systems, sharing engineers) and systems approach

Innovation

- Strengthening relationship between private sector and government
 - Government should know what it can/cannot do
 - Manage contracts for public value
- Social entrepreneurs
 - How do we involve/capacitate communities?
 - Do contractors lead municipalities to be subcontractors
- Ensure flexible supply chain management and M&E for delivery
- Professionalize HR

Non Fiscal Instruments

- Over-regulated sphere and compliance burden (Do we exist for: compliance, deliver, clean audit?)
- Is there a way to differentiate and priorities?
- Can we achieve objectives like control and stewardship in a differentiated way (e.g GRAAP & Accounting style)?
- Impact of the accounting standards in local government funding – implementation consequences



Thank You