



Group 3

IG Fiscal Coordination and Interface with Municipalities

Local Government Fiscal Framework
Public Hearings

04 October 2011

Current Challenges

- National should set policy, Provinces be allowed to give oversight and monitor, however they have their own responsibilities and capacity challenges with limited funds and power to assist munic's
- Lack of cooperation in government: spheres work in silos and departments work in silos.
- Poor infrastructure planning and management
 - Aging infrastructure and historical cost
 - Low investment in Operation and Maintenance
 - Transfer of without funding
 - There is no regional transfer coordination
 - Fragmented funding
- Insufficient funding for municipalities
 - Centralisation and re-distribution of funding that is not sufficiently based on Munic's interest and priorities

Current Challenges...

- Misalignment between Fiscal flows and non-fiscal decisions e.g outdated data
- Political and Administrative interface: How do you consistently plan if there is a 5 year political cycle in terms of continuity.
- There is knowledge capacity gap across the sphere: Information Technology, Systemic, Institutional
- Coordination does not exist in terms of priorities across spheres for which munic's must are burden with.
- Role of SALGA in relation to metros and local municipalities.
- The existing metros have more expertise and capacity but are hindered by lack of capacity in SALGA which they themselves have.
- Fragmented and over reporting requirement burdens munic's
- Absence of Norms and Standards : who is responsible for what? Creating problems of performance
- SOE are given more priority than LG e.g. ESKOM tariffs approvals
- Creating a balance between various political parties and those of the Munic's

Key Principles

- “Equality” of the LG is not recognised in the whole intergovernmental fiscal relations
- Need for coordinated planning
 - Example of good practice is single window of coordination
- There is duplication of efforts on monitoring and therefore wastage of resource. Provinces should be allowed to monitor and LG to deliver
 - E.g. Work must be done within government structure and avoid setting up agencies
- Infrastructure:
 - Coordinated planning and funding
 - Rehabilitation and maintenance
- The quantum of the LG must be increased to reflect the responsibility of the LG. (Equitable distribution of funds to LG as an integral sphere of government)
- Constitutional mandate and responsibility of each sphere must be respected

Knowledge Gap/Areas of Research

- Planning process, systems and the timing needs to be understood
- Clear lack of an understanding of how infrastructure works and should be funded
- Lack of historical factors affecting LG Issues
- An analysis of how do we bridge the gap