

Intergovernmental Fiscal Coordination and Interface with Municipalities Focus Group Notes

Challenges

- Limited engagement by other spheres
- Weak transparency in terms of LG understanding the EQS formula
- Fragmented reporting requirements as municipalities have to report to different entities at the same time
- Internal coordination and political power and administration power
- Fiscal coordination between municipalities and provinces
- Lack of expertise by provinces to guide municipalities
- Respect for the constitutional mandate for all the spheres of government
- Lack of cooperation in government
- Lack of coordination amongst Spheres and amongst departments
- Uncoordinated planning at LG level and between the three spheres (Fragmented planning process)
- Aging historic infrastructure hindering service delivery
- Historical cost on the old infrastructure
- Low investment in Operation and maintenance
- Transfer of assets without funding
- Lack of regional infrastructure planning
- Focus on backlogs and new infrastructure rather than the old
- Fragment funding
- Insufficient funding for LG
- Misalignment in the funding
- Centralization of funding which is not sufficiently based on municipality needs

- Lack of interface between fiscal follow and non fiscal decisions
- Poor political administrative interface lack of continuity thereof (when the 5 year term ends there is change in priorities and leaving work half done from previous administration)
- Understanding of capacity gaps
- The flow of information is a challenge as it's a one way flow (National priorities not aligned with LG priorities)
- The voice of LG is weak – missing the influence of metros in the LG system
- Government owned enterprises are given preferential treatment over municipalities e.g. approval of Eskom tariffs
- How do you apply differentiation in Municipalities transparently
- Role of SALGA is unclear in local municipalities and Metros

Key Guiding principle

- Funds must follow function
- Need for proper costing of municipal services
- Lack of expertise by provinces to guide municipalities
- Equality of LG is not recognised in this three tier process
- Need for coordinated planning
- Respect for the different roles of governments
- Work within structures of government and avoid setting up other agencies to do the work of provinces (Duplication of resources and efforts)
- At least coordinate planning or preferable do joint planning
- Need for a central infrastructure funding pool
- Equitable distribution of funds to LG as an integral sphere
- Address Fiscal misalignment

Knowledge gap

- Planning processes and systems across government
- Lack of understanding in the way infra projects work
- Lack of understanding of the magnitude of factors affecting LG
- How to bridge gap of the fiscal alignment