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Summary of the Financial and Fiscal Commission's 2013/14 Division of Revenue Submission

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1. Introduction

This brief provides a summary of the findings and recommendations of the Financial and Fiscal Commission's 2013/14 Division of Revenue Submission.

The overall theme of the Financial and Fiscal Commission's (FFC) 2013/14 Submission is "Moving People out of Poverty: Supporting Innovation in Intergovernmental Financing". With this Submission the FFC seeks to provide new insights and options for promoting policies that facilitate inclusive growth.

The FFC has in the past recommended that any growth strategy should be multi-pronged, by taking long-term concerns into account in short-term and medium-term planning, including implementing complementary measures to capitalise on opportunities (e.g. knowledge economy) and address structural (e.g. education) and other challenges (e.g. climate change) over the course of the adopted growth strategy.

The 2013/14 Submission addresses aspects of growth, education, climate change and developmental challenges within local government, which is divided into three interrelated parts:

- Part 1: Supporting Inclusive Growth: Jobs. Knowledge and Regional Development.
- Part 2: Climate Change and Environmental Sustainability: Opportunities and Risks for Growth and Innovation.
- Part 3: Institutional Development for Inclusive Growth and Innovation.

2. Part 1: Supporting Inclusive Growth: Jobs. Knowledge and Regional Development

Part 1 provides perspectives on job creation and the Intergovernmental Fiscal Relations (IGR) System and the role of education in moving South Africa towards a knowledge-based economy.

2.1 Perspectives and Prospects for job creation and the Intergovernmental Fiscal Relations (IGFR) System

A major policy concern for South Africa is sluggish economic growth combined with high unemployment. The FFC embarked on a study to identify the relationship between job creation and fiscal policy.

The results of the study show that higher government spending alone is not sufficient, neither is higher infrastructure spending or higher productivity growth sufficient on its own. Increased government spending to boost demand for goods and services in the short term tend to increase budget deficits and government debt. Tax financing (i.e. higher taxes) of government spending can lead to a decrease in unemployment in the short term but slows down employment opportunities in the long-term. Increased public investment also has the potential to crowd out private investment, compromising future growth. Thus, complimentary policies are required, distinguishing short-term and long-term interventions.

Key Recommendations

The FFC recommends the following with respect to unemployment and the intergovernmental transfer system:

- Re-direct government spending towards those activities that directly or indirectly create jobs, for example, health care, durable goods manufacturing, agriculture, community services and hospitality and food service.
- Government should promote lower-paying positions, which have the potential for the most job gains.
- Reduce unemployment by addressing factors other than weak demand for goods and services by means of: re-designing the State procurement framework to incorporate and grow the informal economy and formal micro-enterprises, earmark government procurement contracts for low-technology or service-oriented contracts (e.g. catering) for informal sector companies and micro-enterprises and better target supply-side interventions for re-skilling and mobility by using mechanisms such as block grants to direct government operation.

2.2 Financing e-Education and Achieving Policy Goals in Public Ordinary Schools

The global economy is shifting to a knowledge-based economy and therefore South Africa's ability to participate in this global economy and promote inclusive growth depends on producing well-educated young people that can engage with information and communication technologies and therefore able to contribute to the socio-economic development of the country.

The FFC has found the implementation of e-Education do be largely dormant, seemingly poorly financed and with limited management and evaluation. Funding of e-education is a challenge as most funds are targeted at teaching and not at technology-integrated learning. e-Education does not require a high budget allocation. While the initial investment may appear costly, cost containment measures can be explored within the medium to long-term budgetary perspective. Appropriate scoping of the requirements, contributing parties and budget design can lead to an effective model for the advancement of e-Education and specifically e-learning.

Key Recommendations

The FFC recommends the following with respect to financing e-Education in public schools:

- A well structured intergovernmental financing mechanism should be established with explicit guidelines to provincial Departments of Education regarding the budget line items that require prioritisation in their annual budget process.
- National and provincial education sector requires firm and expert guidance on designing e-Education. It may be necessary to consider the establishment of an e-Education Commission to act as an advisory body.
- Limited data available on e-Education expenditure and specifically on e-learning expenditure should be remedied through explicit reporting on e-learning budget allocations in the annual budgeting process and expenditure thereof in the annual reporting process.

2.3 Budget Review of Public Universities in South Africa

In light of the need for South Africa to transition from a low-added value economy to a more knowledge intensive economy, the FFC has undertaken a budget review of the funding of public higher education in South Africa.

In order for South Africa to make such a transition, it requires a strong and adequately funded post-school education system (i.e. comprised of colleges, vocational institutions and universities). The research findings show that government grants as a share of total income of the public higher education system declined from 49 per cent in 2000 to 40 per cent in 2010, which was met by an increase in the share of student fees and private income (i.e. donations etc). The share of student fees increased from 25 per cent in 2000 to 30 per cent in 2010 and the share of private income increased from 26 per cent in 2000 to 30 per cent in 2010.

Performance analysis show that the higher education system is moving towards, but not meeting in full, its national development goals. The main concerns are largely attributed to the poor output rates:

- Many universities have student failure and drop out rates which are high and well above national targets; and
- Graduate and Research outputs rates in all but a few universities are well below national targets.

In conclusion, the current funding mechanisms are too “blunt” to steer the higher education system in an effective way. A new funding framework will have to be introduced in South Africa based on different funding principles on a policy of institutional differentiation. Consideration should also be given to the size, direction and impact of the higher education and the post-school system as a whole. In particular, if the goal is to increase knowledge to address socio-economic problems, these three major areas will require funding: higher education qualifications, further education qualifications and research.

Key Recommendations

The FFC recommends the following with respect to funding higher education:

- The government should introduce a differentiated funding framework for a differentiated university system by shifting from a unitary system to three funding frameworks- one for each cluster, whereby the funding framework rewards the two bottom clusters (i.e. 2 and 3) for improved performance with respect to input and output indicators and rewards cluster 1 universities for further advances in equity, development and performance.
- In order to better understand and analyse the performance and funding of the FET sector, the HEMIS (higher education management information system) should be expanded to incorporate FET sector data or introduce a parallel system to collect relevant data for analysis of the FET sector, a FEMIS (further education management information system).

2.4 Key issues for the consideration of Parliament

The following issues should be considered by Parliament:

- To what extent does infrastructure investment contribute to job creation and the sustainability thereof? In the short-term, infrastructure spending contributes to job creation; however long-term job sustainability will require complimentary policy measures.
- No single policy is sufficient or effective in reducing unemployment; this requires a host of complimentary short and long-term strategies.
- More emphasis is being placed on e-Education of which the objectives of the policy were to have all schools with access to e-Education by 2014. However this programme requires massive funding from government, Parliament should request the FFC to elaborate on different funding models for this programme and its implications to the current budget.
- Currently e-Education and e-learning is predominantly being implemented in provinces (i.e. Gauteng and the Western Cape) that have access to ICT infrastructure to the detriment of historically disadvantaged provinces. The current situation maintains the status quo and further widens the income inequality gap between “the haves and have not”.
- Given the great diversity of learning environments across all provinces (i.e. brick structures versus mud huts), Government could use the existing conditional grant, that is, the School Infrastructure Backlog Grant to not only address the issue of inappropriate

schooling infrastructure but also require that these new structures are built to accommodate ICT infrastructure to facilitate the implementation of e-Education, specifically with respect to historically disadvantaged schools. Similarly, Government should also ensure equal accessibility of ICT infrastructure such as cable networks across all provinces.

- The FFC's budget review of the funding model for public higher education institutions, brings the quality of the education system to the fore of debate:
  a. Whether the South African government is prioritising the right areas in education; and
  b. What are the efficiencies of South African public universities and Further Education Training (FET) institutions and more specifically, the efficiency's of those accountable for financial management of higher education institutions?
- Parliament should note that government transfers for higher education have been declining, which has been matched by increases in donations and student fees. The latter is concerning in light of student protests regarding the affordability of higher education. While maintaining the principle of shared costs is important, student fees should not evolve into an obstacle for accessing higher education, thus undermining government's drive to increase human capital.

3. Part 2: Climate Change and Environmental Sustainability: Opportunities and Risks for Growth and Innovation

Part 2 provides an overview of the impact of climate change and gives some insight into policy challenges regarding disaster management and waste management at local government level.

3.1 The impact of Climate Change on South Africa's Rural Areas

South Africa has identified rural development as a national priority as per outcome 7, government commits to developing "vibrant, equitable and sustainable rural communities and food security for all". Agriculture plays a significant role in South Africa's economy and more so in rural area economies. Agriculture is highly dependent on climate and therefore particularly vulnerable, thus it is important to evaluate the impact of variations in climate on agriculture productivity and establish the vulnerabilities of municipalities to climate change.

The key findings of the FFC research study suggests that subsistence farmers (i.e. both crop and livestock farmers) will be affected by climate change, with crop farmers being more negatively affected. Similarly commercial farmers that are crop framers will be more negatively affected by climate change. The results imply that climate change poses a very real threat to food security. Crop farmers will have to adapt to climate change by diversifying into other crops and/or changing planting and harvesting dates.

As the impact of climate change will be localised, local institutions and local government will be the key drivers for adaptation and coping mechanisms. However, since resources are limited it is important to know which actions to prioritise, so that the most vulnerable areas to climate change are targeted. The FFC developed a vulnerability index at municipal level that is comprised of three vulnerability measures (i.e. exposure, sensitivity and adaptive capacity). The results show that municipalities in the eastern half of the country, particularly the former homeland areas had the highest overall vulnerability to climate change, while municipalities in the western half of the country and several in Gauteng Province and Mpumalanga Province are comparatively more resilient.

Key Recommendations

The FFC recommends the following with respect to climate change:

- The Department of Environmental Affairs (DEA) and the National Disaster Management Centre (NDMC) should develop a municipal vulnerability index (which takes into account exposure, sensitivity and adaptive capacity) and disaster-risk modelling tools to assist municipalities to assess their vulnerability to climate change and non-climate change disasters and determine associated contingent liabilities.
- The Department of Cooperative Governance (DCoG) should adjust the objectives, terms and conditions of the grant framework and administrative procedures of Municipal Infrastructure Grant (MIG) to permit municipalities to use the grant funds for climate adaptation and mitigation investments, such as modifying municipal infrastructure and ensure that these investments prioritise and directly address the vulnerabilities faced by poor households.
- The Department of Agriculture, Forestry and Fisheries (DAFF) should expand the provision of rural agricultural extension and support services for small scale farmers to encourage them to adopt climate-resilient farming strategies that enable them to proactively adapt to and mitigate the projected local effects of climate change.

3.2 Alternative Financing Mechanism for Disaster Risk Management in South Africa

A number of challenges have emerged since 2005, when the funding mechanisms for disaster management in South Africa were revised, these include:

- Legislation, policy and institutional funding frameworks are either not adhered to or partly adhered to by the different spheres of government;
- Lengthy bureaucratic process in declaring disasters results in delays in the disbursement of funds to victims or areas affected by disaster;
- The current funding model is not always adequate in addressing the effects of a hazardous event or the costs incurred by provinces or municipalities;
- Provinces and municipalities do not make provision for risk-reduction funding in their planning and budgeting processes; and
- The government's haphazard response to disaster allegedly creates perverse incentives, that is, communities are discouraged from taking minimal mitigating or preventive measures by their expectation of some form of government compensation.

The literature on disaster management shows that the severity and frequency of disasters is increasing. The international trend is to emphasise funding disaster-risk reduction before an event occurs rather than the traditional approach of funding losses associated with a disaster after it has happened. A study of South Africa's response to disaster management has shown that the focus has disproportionately been ex-post rather than ex-ante. The research identified the following gaps and bottlenecks that hamper sustainable financing of disaster management:

- Victims of disaster are mainly community members that are unable to cope with the consequences of disaster.
- Several challenges hamper the release of disaster relief funds and include: legislative constraints, distribution channels not streamlined; a lack of an adequate disbursement system; and a lack of political will.
- The process for declaring and classifying disasters is problematic due to blurred roles and duplications.
- There are not enough qualified engineers and other skilled professionals to deal with disasters.
- Rehabilitation projects are either not monitored at all or not effectively monitored and evaluated.
- Private sector involvement in disaster management within municipal areas is limited.
- Community based funding is limited.

Recommendations

The FFC recommends the following with respect to financing for disaster risk management:

- The Minister of Cooperative Governance and Traditional Affairs should streamline guidelines and gazette uniform standards governing and guiding the classification, declaration, assessment and response to disaster events in terms of the Disaster Management Act No. 57 of 2002 (DMA) and the National Disaster Management Framework (NDMF).
- DCoG should, through the DMA, require municipalities to incorporate disaster risk reduction evaluations, strategies and measures (including land use planning; building standards, engineering interventions; and financing strategies) in their Integrated Development Plans (IDPs).
- The National Treasury should require that environmental management and vulnerability objectives are explicitly incorporated into the design of existing key municipal grant programmes, for example, Integrated Housing and Human Settlement Development Grant, Urban Settlements Development Grant, the Municipal Infrastructure Grant, etc.

3.3 Financing of Solid Waste Management in South Africa

The majority of municipalities and cities in South Africa face serious economic, social and environmental challenges related to solid waste. The current patterns and rates of waste generation and disposal are unsustainable and negatively affect the environment. Municipalities, especially small town and rural areas struggle to develop and rehabilitate their waste management infrastructure, mainly due to a lack of awareness and low prioritisation of waste management.

Current funding levels are insufficient to operate and maintain waste management facilities. Funding is mainly generated through revenue collection of user tariffs, levies and taxes. However for municipalities with large indigent populations, revenue from refuse tariffs is not sustainable and is inadequate.

A lack of clarity regarding the cost of solid waste management in South Africa has a bearing on the extent of funding received from national government and how funding is ring-fenced at local government level. There is thus a need for South Africa to strengthen its approach to waste management alternatives (e.g. waste minimisation, recycling etc.) and funding through innovative and sustainable models for waste management services.

Recommendations

The FFC recommends the following with respect to solid waste management:

- By the end of 2015/16 financial year, government should adopt a phased approach to the implementation of full cost accounting for solid waste management within municipalities.
- The government should take greater advantage of the opportunities for job creation in the solid waste sector, through enhancing the structure of incentives for municipalities to create "green' jobs through labour-intensive service delivery approaches.
- The Department of Environmental Affairs should delay the implementation of policy on the regionalisation of solid waste landfills until such time as the fiscal risks and benefits for municipalities in different contexts are better understood, and adequate decision-support measures for municipalities are in place.

3.4 Key issues for the consideration of Parliament

The following issues should be considered by Parliament:

- Greater emphasis must be placed on strategies that are proactive and aimed at reducing disaster-risks (including the potential negative effects of climate change) than reactionary strategies. The main concerns with regard to disaster management include: sustainable funding and forward planning (i.e. proactive versus reactive).
- South Africa needs to strengthen its approach to waste management alternatives (e.g. waste minimisation, recycling etc.) and funding through innovative and sustainable models for waste management services, particularly in light of the fact that some landfill sites have been closed due to reaching full capacity.

4. Part 3: Institutional Development for Inclusive Growth and Innovation.

Part 3 reviews various development areas within local government. At first it considers the impact that local government's revenue assignment has on economic growth; secondly it provides an overview of South African municipal agencies; thirdly it provides some insight into the capacity challenges at local government level; and fourthly it provides as assessment of whether local government budgeting is responsive to gender equality.

4.1 The Impact of Aggregate Revenue and Expenditure Assignments on Economic Growth: The Case of Provinces and Municipalities in South African Intergovernmental Relations

Different fiscal "arrangements"[1] determine conditions for economic growth; therefore their relative advantages can be assessed based on their effect on economic growth. The assignment of decision-making competencies to different levels of government can influence national growth by shaping regional growth-promoting policies. In this regard, traditional public finance instruments (i.e. taxes and government spending) can enhance or dampen regional economic growth.

Fiscal decentralisation can in principle improve the efficiency of the public sector, increase competition among sub-national governments in delivering public services and stimulate economic growth. The FFC undertook some empirical analysis to study the impact of decentralised revenue and expenditure assignments of provinces and municipalities on economic growth.

The results of the impact of decentralised revenue and expenditure assignments of provinces on economic growth were negative. Some reasons include:

- Excessive spending on the wrong expenditure items can lead to lower growth, even if decentralisation is optimal;
- Lower growth can result from incorrect revenue assignments among the different levels of government;
- Provincial revenue and expenditure decisions may be constrained by national government, so the efficiency gains from decentralisation are low; and
- Provincial government may not be responsive to the needs of its constituents.

The result for municipalities in terms of revenue decentralisation was positive and with respect to expenditure decentralisation it was negative. The positive result for the decentralised revenue assignment of municipalities imply that it is conducive to economic growth and the negative result for expenditure decentralisation indicates that the expenditure assignment at this level of government is inappropriate. In the early stages of economic

[1] For example, centralised or decentralised fiscal system.

development, central government may be in a better position to undertake public investment with nation-wide externalities.

Recommendations

The FFC recommends the following with respect to alternative revenue and expenditure assignments for provinces and municipalities:

- Key principles of national strategies such as the New Growth Path and the National Planning Commission's Vision for 2030 need to permeate provincial and local strategies by translating these principles into complete sub-national strategies with full details on sustained implementation.
- The results of the research study imply that economic development powers are well-placed at the provincial level, while economic growth powers could be better placed at the municipal level.
- Municipalities, particularly non-metropolitan municipalities, should be encouraged to play a more direct role in economic growth.
- Municipalities are not necessarily doing a good job at revenue collection from the public. Municipalities need to improve their revenue-collection efforts, as these can contribute positively towards economic growth.

4.2 Alternative Service Delivery Arrangements: the Case of Municipal Agencies

Alternative Service Delivery (ASD) arrangements, such as agencies, provide numerous advantages, most notably as a result of its specialised focus and significant operational autonomy. ASD arrangements provide a creative way for municipalities to deliver services particularly in light of limited financial and human capital resources.

However, in South Africa the use of agencies at the local level has declined due to the need to bring uniformity to the establishment and form of agencies and as a result of the onerous legislative requirements, especially for smaller, less resourced municipalities.

An analysis of South African municipal agencies reveals a number of potential barriers to good performance:

- A lack of a facilitative regulatory environment, that is, limit regulations that result in prohibitive costs, for example, Sections 77 and 78 of the Municipal Systems Act No 32 of 2000 (MSA) and Section 33 of the Municipal Finance Management Act No. 56 0f 2003 (MFMA) require municipalities to undergo costly and time consuming processes in establishing agencies for longer than three years.
- A lack of visible reporting on performance of agencies as required by Section 127(5)(a)(i) of the MFMA.
- Broad and all-encompassing mandates, that is, contrary to the envisaged mandate of a specialised focus.

- A lack of capacity to oversee and manage agencies. The capacity of the parent municipality is important in conducting oversight and the performance culture of the parent municipality is also of critical importance.

Recommendations

The FFC recommends the following with respect to service delivery arrangements, i.e. municipal agencies:

- The use of ASD arrangements should be contingent on a demonstrably sound business case for its establishment and sustainable operation.
- The government should review existing legislation which places onerous expectations on municipalities around the medium-term use of ASD arrangements.
- The establishment of municipal agencies should be linked to the parent municipality having an adequate level of performance and effective oversight ability.
- Legislation requiring municipal entities to make public details of their actual performance and plans should be strictly enforced and non-compliance reported to the Auditor-General.

4.3 Understanding the Dynamics of the Capacity Challenges at Local Governmental Level

Human capital forms the backbone of the public sector and ultimately the delivery of services. In South Africa, a lack of capacity is often cited as the reason for poor financial, administrative and service delivery performance, particularly in the local government sphere.

In light of the need to strengthen human capital, the South African government has budgeted significant amounts of money for capacity building. However, this has not translated into increased capacity and performance.

Key findings of a research study by the FFC indicate that:

- Capacity constraints are often used to mask the real causes of non-performance at local government level. Some of the real causes of non-performance can be attributed to tension in intergovernmental roles and responsibilities, political interference in the municipal administrative process, high vacancy rates, inappropriate staffing and low staff morale.
- Municipalities continue to face major constraints in attracting technical and professional skills, which can be attributed to weak linkages with tertiary educational facilities and poorly organised professional bodies. The out-sourcing of activities is increasingly being viewed as a cost-effective method of delivering services.
- Municipalities have a challenge with skills retention as officials seek alternative employment at other institutions that offer larger salaries or permanent employment contracts. There is also a high incidence of irregular and inappropriate appointments with

some cases of nepotism and favouritism being cited. There is a lack of adherence to the minimum competencies as required by the Municipal Finance Management Act (MFMA).
- Capacity building initiatives have to date been based on a "one size fits all" approach.
- A lack of independent evaluation of outcomes and impact of training initiatives.

Recommendations

The FFC recommends the following with respect to capacity challenges in the local government sphere:

- Capacity building interventions should holistically coordinate individual, organisational and institutional-level dimensions of capacity building in a particular municipality over the medium term. The focus should not just be on training, support programmes should include technical support for new systems, business process redesign and change management, based on an assessment of the relevant municipality.
- To improve the capacity of municipalities to perform their functions, there is an urgent need to stabilise the medium and senior management of municipalities through greater insulation from political interference in the retention of skills and in the recruitment process.
- Minimum competencies as entrenched in the MFMA should be enforced so as to ensure that appropriate technical skills are in place, particularly in the functional areas of: revenue management, supply chain management, sewerage and water treatment, road maintenance, health inspection, and planning and project management.

4.4 Assessing Gender Responsive Budgeting in Local Government

The South African government has shown its commitment to gender equality through various policy and legislative measures, including being a signatory of various international conventions and protocols such as the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), the Beijing Platform of Action and the Millennium Development Goals (MDGs).

However, despite these commitments, there remains a gap between commitments and outcomes as gender disparities are still very high. Thus there is a need to look at alternative levers for change. The Intergovernmental Fiscal Relations (IGFR) system is one such lever that can be used to direct resources towards programmes that empower women and contribute to moving them out of poverty.

The FFC thus undertook a study to assess the gender responsiveness of the municipal budgeting process in order to advise government on how best to allocate resources that would lead to effective policy design and outcomes for gender equality.

The results of the research study show that gender responsive budgeting is limited in local government, which can be attributed to the following reasons:

- The absence of an approved gender policy across all municipalities;
- The absence of a municipal gender mainstreaming strategy;
- Personnel in management and budget officers have limited knowledge of gender mainstreaming; and
- Gender equality indicators and the collection of gender disaggregated information are limited.

Recommendations

The FFC recommends the following with respect to gender responsive budgeting:

- National and Provincial Government should run a pilot study on gender budgeting in a sample of municipalities and first evaluate the results before wider application.
- National and Provincial Government should provide gender budgeting good practice guide and toolkits, as well as, guidelines for collecting sex-disaggregated data for budgeting processes.
- Local Government should develop and institutionalise a gender responsive budgeting process by incorporating it into their Integrated Development Plans.
- Local Government should ensure gender-responsive appropriations and budget allocations and ensure gender-sensitive public participation and consultations at local level.

4.5 Key issues for consideration by Parliament

The following issues should be considered by Parliament:

- The FFC study on fiscal decentralisation highlighted the challenges concerning expenditure assignments at both provincial and local government level. Local government is disproportionately burdened by a long list of expenditure assignments of which some, expenditure assignments by nature, are very costly and are not adequately funded. On the other hand, provincial government is constrained by both national government policy and its limited revenue assignments.
- The FFC study on fiscal decentralisation further noted a positive relationship between municipal revenue assignments and economic growth. The FFC; however acknowledges that municipalities are not necessarily doing a good job at revenue collection. The FFC should assist local government by identifying the gaps in revenue collection and recommend strategies for filling these gaps.
- Provinces play an important co-ordinating role with respect to economic development, while municipalities play a facilitation role (i.e. provision of infrastructure and service delivery) with respect to economic growth. The FFC recommends that municipalities should be encouraged to play a more direct role in economic growth. Parliament should request the FFC to elaborate on how municipalities can contribute to economic growth.

- The FFC analysis of South African municipal agencies revealed that certain clauses in the Municipal Systems Act and Municipal Financial Management Act serve as barriers to the establishment of municipal agencies. The FFC should provide Parliament with its recommendations regarding this finding, specifically state whether these clauses should be amended.
- In addition, the analysis of South African municipal agencies also revealed a lack of performance reporting by municipal agencies and their parent municipality. This finding suggests that the relevant Parliamentary Committees should include the lack of municipal agency reporting as part of their focus areas with respect to oversight of municipal matters.
- Government has budgeted significant amounts of money for capacity building, however this has not translated into increased capacity. How appropriate are the training and support programmes and how effective are these programmes in capacitating officials? Government should assess whether officials that were trained, acquired the necessary knowledge and skills. Further, the human resource function within national and provincial departments and municipalities should have a monitoring and evaluation system that goes beyond just measuring the numbers of officials trained and rather place greater emphasis on performance indicators that measure the quality of training.
- The FFC study of capacity challenges at local government level indicated that capacity constraints are used to mask the real causes of non-performance at local government level. This finding suggest that the relevant Parliamentary Committees should more vigorously interrogate municipalities that continuously attribute capacity challenges as the reason for non-performance in order to unearth the root causes of non-performance.
- The Department of Women, Children and People with Disabilities should take the lead in advocating gender mainstreaming in the annual planning, budgeting and reporting processes across all spheres of government, particularly supporting local government in their understanding of gender equality.

5. References

Financial and Fiscal Commission (2012), 2013/14 Submission for the Division of Revenue

Financial and Fiscal Commission (2012), Presentation slides on the 2013/14 Submission for the Division of Revenue, 7June 2012.