

Provincial Economist's Forum

Report Back on Inaugural Meeting

1st-2nd October 2009

Background

- In early 2009, a need for exchange and communication was identified by Provincial Government Economists from Provincial Treasuries and Provincial Departments of Economic Development. Such economists are responsible for providing similar research output to provincial government with the aim of providing information that aids in making data-based policy decisions.
- As such, it was envisioned that a Provincial Government Economist's Forum (PGEF) could serve as a think tank and a platform to share common experiences and to exchange information.
- This was the inaugural meeting of the PGEF was held on the 1st and 2nd October 2009, hosted by the KZN Treasury in Pietermaritzburg. The programme for the Conference is contained in **Annexure A**.

Speech by KZN MEC for Finance – Ina Cronjé

- The MEC placed emphasis on the need for government to make decisions based on sound **information**. In addition to this, she alluded to the fact that research should not be conducted in isolation; rather researchers should interrogate each other's work in order to test ideas through **debate**.
- The MEC also spoke about the importance of working as a team and undertaking research through **collaboration** with stakeholders to strengthen the research. Working outside of silos would also enhance **coordination of research efforts** and encouraging learning amongst peers between provinces.
- **Communication** was identified as being of critical importance, so that economists can effectively communicate their findings. The MEC emphasised that research reports should be concise ("sometimes less is more") and should convey a story using appropriate charts and graphs.
- The MEC's Speech is attached in **Annexure B**.

Presentation by HOD for KZN Treasury – Simiso Magagula

- The HOD emphasised the fact that South Africa is a data-poor country with a lot of macro-level data but a serious lack of data at provincial and municipal level.
- The HOD's view of the role of government economists was as an aid to government in assessing policy interventions and to provide evidence for decisions that need to be made. As such, economists should provide advice on what should be subsidised and the extent to which such subsidisation should occur.

- The KZN Treasury has been conducting Regulatory Impact Assessments and the HOD emphasised the importance of assessing the regulatory framework and investigating the effects of regulatory red tape that exists.
- There is a need to link international experts with domestic experts, the private sector and media.
- The HOD identified the importance of forecasting but also spoke about the challenges associated with such forecasts.
- The HOD also discussed the importance of publishing work and peer reviewing work in order to ensure the quality of the work that is produced by the government.

General Discussion

- **The Role of Economists:** Originally the role of Economic Analysis (EA) Directorates within Provincial Treasuries was defined by the Technical Committee on Finance (TCF) at national level, which was based on the need to provide information on the provincial economy. The work of most EA Directorates was later extended to include socio-economic reviews. It was argued that the role of Provincial Treasuries and Departments of Economic Development are directly related to the views of the HOD and MEC in particular.
- **The Impact of Provincial Economists:** The argument was made that influencing the budget allocation is not necessarily very meaningful as there is such a small share of discretionary budget that is determined at the level of provincial treasury as the largest portion is determined by the Equitable Share Formula (ESF).
- **Interaction with Municipalities:** Most Provincial Treasuries currently have not streamlined expenditure allocations at municipal level with spatial plans at provincial level. Creating a link between municipal expenditure will inform spatial development and enhance regional planning.
- **Policy Frameworks for Conducting Research:** Questions were raised around what policies were framing the research that is currently being undertaken?
- **Data:** StatsSA addressed the fact that there are serious shortages in data available at provincial and municipal level and communicated their constraints in producing such data (cost and quality). In response to such constraints StatsSA has embarked on an initiative, the Quality Assessment Framework (QAF), to assist users to collect their own data and ensure the quality of such data.
- **Training and Skills Development:** It was suggested that the PGEF look into courses conducted through Economic Research South Africa (ERSA), South African Labour and Development Research Unit (SALDRU), Trade and Industrial Policy Strategy (TIPS) Unit and the tertiary institutions. The PGEF decided to approach PALAMA with a list of specific training needs and requirements that we would like to fulfil and request that training be developed accordingly.

Other Provincial Government Initiatives of Interest

- KZN DED has developed an online statistical portal that can be used for the public to get data. In addition to this they have also implemented an online researcher's blog in which researchers at the department can share information and get input for their research. They

also produce a 'Peoples Guide to Economics' which is a regular newsletter aimed at providing information about the economy to non-economists in user-friendly, accessible language.

- Western Cape Department of Economic Development and Tourism (DEDAT) have a research Oversight Committee. All research begins at proposal stage and the planning unit conducts a SWOT analysis, after this has been approved, the research proposal is sent to the Oversight Committee for final approval. This has been important in reducing repetition in research efforts and reducing the cost of commissioning unnecessary research.
- KZN Provincial Government has set up a Business Information System (BIS) to share provincial data such as Quarterly Performance Reports (QPRs) as well as municipal databases that have data on service provision. The one challenge identified in respect of accessing municipal databases is the fact that many of them do not allow one to export data.
- KZN Treasury has developed relationships with their three Chambers and they make use of their websites and clientele to punt electronic surveys via their websites. These surveys are conducted on an annual basis.

Way Forward

- Aim of the PGEF – *To act as a think tank to influence public policy*
- The purpose of the PGEF was not finalised and will be addressed with the Steering Committee (SC).
- The SC will be comprised of 9 members, with a representative from each province.
- Mr. Clive Coetzee was elected as the Chairperson of the SC for the first year, thereafter a new Chairperson will be elected.
- The PGEF will hold an annual Conference which will be for three days. The first day will be reserved to address challenges and internal issues and the last two days will be to present research papers and findings. The last two days of the Conference will be open to all PGEF stakeholders to attend and participate.
- Hosting of the Conference will be rotated between provinces.
- Enquiries would be made in respect of the PGEF becoming a member of the Economic Society of South Africa (ESSA).
- Enquiries would be made into means by which we can share information and publications. It was agreed that individual provinces would decide on how and when to share publications prior to release in order to be peer reviewed.
- The PGEF will produce a quarterly newsletter that will update all PGEF members on the work that members are undertaking.
- Deadlines for Provinces for the 9th October:
 - Forward names of representative by 9th October
 - List of all current data sources and data wish list
 - List of all training needs

The Conference received some press coverage; two of the articles are attached to this report as **Annexure C and D**.

Annexure

- A. Conference Programme
- B. Speech by KZN MEC For Finance (Ina Cronjé)
- C. Article in the Sowetan