

Western and Northern Cape likely to get less money from government

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Cape Town -- The Western and Northern Cape are likely to get less money in real terms from the government in next year's budget -- other provinces will all get more.

The Financial and Fiscal Commission tabled its proposal in parliament yesterday for grants to the nine provinces in the 1997-98 financial year.

The constitution accords the

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commission the task of overseeing the equitable distribution of national government funds to the nine provincial governments.

Last year the commission presented the government with a formula to distribute just more than half the funds it has in a financial year between the provinces in what it called "equitable terms".

In the current financial year, R75 billion will be distributed to the nine provinces in this way and another R69 billion will be spent by

the national government.

The commission yesterday proposed the grants for the Western and Northern Cape be cut by 3,8 percent in real terms from this financial year to the next financial year. The grants for Northern Province and Kwazulu Natal will increase 3,6 and 2,9 percent.

The commission also tabled projections for the financial years up to 2002-2003. It showed that the share of the Western Cape, Eastern Cape, Northern Cape and Free State

would decline consistently throughout the period.

"By the year 2002-2003 greater equity will have been achieved between the provinces," the commission said.

Its proposal is based on the assumption that the economy will grow by 3 percent in real terms in the current financial year.

The government would budget for another decline in the deficit before borrowing in next year's Budget, the commission said.

Provincial allocations

