

Government Commission seeks to match resources to policy decisions and improve accountability

Next budget cycle launched with revenue proposals

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Cape Town – The Financial and Fiscal Commission (FFC) yesterday moved to kick-start the next Budget cycle by tabling in the National Assembly its latest recommendations on the division of revenue between the three spheres of government.

Murphy Morobe, the chairman, said the key change was the adoption of the costed norms approach to eliminate arbitrariness, ensure a better match between policy decisions and available resources and improve accountability.

The report will be considered by the department of finance as it prepares its 2001/04 medium-term expenditure framework in consultation with the provinces and government departments.

This framework, due to be released in August or September, will lay the basis for the 2001/02 Budget as part of the overall drive to ensure greater public participation in the preparation of the national Budget.

Morobe said the costed norms approach would specifically be used to determine the provinces' share of funds for the constitutionally mandated services of primary health,

basic education and social security. These would be costed according to national norms and standards.

The provinces would be held accountable for the delivery of

these services, which until now had been funded rather arbitrarily from provincial allocations.

To fund other services for which there were no national norms and standards, a global

amount, or basic element, should be allocated to the provinces, which they would have the discretion to spend as needed.

The FFC also recommended that a conditional grant be provided to the provinces as an interim measure to reduce the social infrastructure backlogs.

Morobe said he did not expect the new system, if accepted, to be implemented overnight.

It would, however, form part of the drive to "think creatively" about how to use limited resources most cost-effectively.

Jaya Josie, the deputy chairman, said further work would now be needed to refine the

proposed costed norms approach as well as the conditional and capital grants.

A major constraint was the lack of adequate data on the public sector and clearly defined policy targets.

Morobe said the "nature and structure of government functions such as defence, foreign affairs and safety and security present a serious challenge to costing these services with any degree of certainty".