

Provinces review revenue allocation

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Cape Town – Provincial governments have started to sound out their constituents and lobby groups about the latest recommendations of the Financial and Fiscal Commission (FFC) on the division of revenue between the three tiers of government.

FFC parliamentary officer Hildegard Fast said yesterday that hearings on the commission's latest report had already been held in the Free State, KwaZulu-Natal and North West, and were scheduled for Gauteng at the end of July.

The other five provinces were expected to hold their hearings in August.

Their comments would be considered by the national council of province's standing committee on finance when dealing with the 2004/07 medium-term expenditure framework (MTEF), which was due for release in October by finance minister Trevor Manuel.

The MTEF would set the framework for the 2004/05 national budget, with the taxation and social welfare expenditure details due to be thrashed out by cabinet before the release of the budget in February next year.

President Thabo Mbeki announced an added element to the budget cycle earlier this year when he said his office would lead the greater integration of intergovernmental budget

planning during the development of the MTEF.

This would involve a stronger co-ordinating role for departmental directors-general and the president's co-ordinating council, which brought together the provincial premiers and the president's office, he said.

The FFC report, released in April, called for an overhaul of the collection, analysis and release of national statistics, which was urgently needed to make policy decisions on how resources should be allocated to the provinces and local governments to

tackle key problem areas such as poverty and underdevelopment.

It expected the results of the latest census, which were released after the FFC report, to help develop new formulas for this division of revenue, more ac-

curately to take into consideration the needs of the different levels of government.

Some provinces and towns were found to have fewer, and others more, inhabitants than previously recorded.

The FFC had also cautioned against the reassignment of the allocation of social security grants to the national government until the planned National Social Security Agency had been established, and said this agency should be held accountable to both the national and provincial governments.

**Gauteng
hearings set
for end of July
while other
provinces will
meet in August**