



## Ministry of Finance

REPUBLIC OF SOUTH AFRICA

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### **ADDRESS TO THE NATIONAL COUNCIL OF PROVINCES DECISION OF VOTES AND SCHEDULE – APPROPRIATION BILL 14 JUNE 2006**

On 28 March this year, the NCOP adopted the 2006 Division of Revenue Bill in Kuruman during its initiative of “taking Parliament to the People”. We refer to that occasion because the Division of Revenue Bill is not only a concrete expression of cooperative relations between our three spheres of government but it also establishes an important link between the national Appropriation Bill we are debating today and the provincial budgets.

The House will recall that schedule 1 of the Division of Revenue Act sets out the share of each sphere of nationally raised revenue. It is not a mistake that the schedule shows conditional grants to provinces as part of the national share. Strictly speaking, conditional grants are national money. The same conditional grants get appropriated on national and provincial votes of the relevant departments.

In the 2006 MTEF R85, 0 billion is allocated to provinces in the form of conditional grants. Of this amount:

- R32 billion is allocated to health for a range of programmes including the training of various health professionals and general spending on tertiary health services;
- R23 billion is for low cost housing;
- R15 billion which is allocated via the Treasury Vote is for stepping up general infrastructure programmes in education, health, roads and agriculture;
- R7 billion is for transport infrastructure: the Gautrain;
- R5, 8 billion is for education: the school nutrition programme and the recapitalisation of Further Education and Training Colleges; while
- R1, 3 billion is for agricultural programmes such as farmer support for emerging farmers under the umbrella of the Comprehensive Agricultural Support Programme (CASAP).

The programmes that we are funding through earmarked national allocations (conditional grants) are undoubtedly some of the priority programmes in our government's Programmes of Action. These are programmes that are at the heart of the progressive realisation of a *better life for all*. That is why we elected to fund them the way we do. That is why we have chosen to have joint responsibility for their oversight. This House, working closely with provinces, has a duty to ensure that the outputs and outcomes of these programmes are realised. Failure in this regard is not an option.

Honourable Members, it is important that when we challenge each other to do better, we never lose sight of commending ourselves when we do well. The hearings of the Select Committee on Finance on the section 32 quarterly reports are commendable. They are a good example of what Parliament can do within the legal framework and the information generated within our system of governance to exercise its legitimate oversight role. The Honourable Ralane would agree that this process has come a long way to become what it is today. In the initial stages we used to debate about the accuracy or otherwise of the data contained in the reports. Some departments would even attempt to use the forum to ask for more money or "... to plead poverty" to quote Honourable Ralane. But in recent times all participants have come to accept that the hearings are about accounting for the use of resources and performance. Honourable Ralane and other Members of the Select Committee keep up the good work.

Honourable Members I have taken time to explain why it is important for the appropriation Bill to be debated in this House because I think it is important for us in the executives of national and provincial governments to accept that we must be held accountable for the resources that Parliament allocates in the DoR Act and further appropriates in this Bill.

Thank you.