

Region's representation on Financial and Fiscal Commission could be substantially reduced if proposal is approved

ANC amendment stirs provincial hornets' nest

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CAPE TOWN — A constitutional amendment which could affect the finances of provinces and substantially reduce provincial representation on the Finance and Fiscal Commission is stirring up a hornets' nest in the two provinces where the African National Congress (ANC) is not in power.

The reason most opposition negotiators at the constitutional talks were so pro-province was that they had seen what former president PW Botha did to the provinces — he abolished provincial councils with the stroke of a pen — in the mid-80s.

The National Party (NP) and the Democratic Party (DP) did not want the incoming ANC government to dominate provincial structures to the same extent.

The NP's and DP's opposition to possible centralisation also stemmed from the understanding that smaller political parties could win one or two provinces in the country's first democratic elections in 1994.

This did indeed happen in two provinces, KwaZulu-Natal and Western Cape.

Now the ANC government wants to amend the constitution to allow for the 22-member commission to be reduced to eight.

In terms of the amendment, provincial representatives will be reduced from nine to two.

They will be appointed by the president "after consultation" with the provinces. "After consultation" means he can listen politely and then appoint whoever he pleases.

Two more representatives will also be appointed by the president, and the two local government members of the commission will be appointed only after consultation. The president will, if the amendment is approved, be

able to appoint the entire commission. The complicated appointment procedure intended to balance provincial and national interests will be gone forever.

The commission is one of the many structures created through the constitutional negotiations as a mechanism to protect provincial interests.

It was established in terms of constitutional principle 27, which states: "A finance and fiscal commission in which each province shall be represented shall recommend equitable fiscal and financial allocations to the provincial and local governments from revenue collected nationally after taking into account the national interest, economic disparities between the provinces as well as the population and development needs ... of each of the provinces."

The interim constitution contained detailed clauses providing for the creation of the commission.

The job of the commission would be to "apprise itself of all financial and fiscal information relevant to national, provincial and local government, administration and development and, on the basis of such information, to render advice and make recommendations to the relevant legislative authorities in terms of this constitution regarding the financial and fiscal requirements of the national, the provincial and the local government".

Its key function would be to devise a formula for the calculation of the equitable share of national revenue for the provinces.

The final constitution also contains these provisions in simplified form. It was determined that there should be a chairman and a deputy chairman of the commission, and these were later made part-time posts.

Each province would then

nominate one representative to the commission.

Organised local government would nominate two members and nine others would be appointed by the president.

Democratic Alliance finance MEC in Western Cape Leon Markowitz said the province was "totally and utterly" against reducing provincial representation on the commission.

He said the proposed measures would reduce the authority of the commission. He said the measures were being taken because the views of the commission were contrary to those held by the national treasury.

Markowitz said there were two crucial issues before the commission at present and these could be influenced by the reduction of the provincial voice. These were provincial taxation and the formula used to determine the province's equitable share of national revenue.

Markowitz said no legal opinion had been taken on whether the amendment was unconstitutional. He said one did not "threaten a constitutional court challenge while there are negotiations under way".

Inkatha Freedom Party (IFP) spokesman Peter Smith said his party was opposed to the dilution of political representation. He said the amendment reversed constitutional safeguards for provincial interests.

Smith said the IFP was against the entire package of constitutional amendments put on the table by the government and would oppose it. Detailed objections would be formulated when MPs returned to Parliament this week after the winter recess.

The ANC will need a two-thirds majority of all MPs to approve the amendment. Attempts to contact commission chairman Murphy Morobe and Finance Minister Trevor Manuel were unsuccessful.