2019 DIVISION OF REVENUE AMENDMENT BILL

RESPONSES TO PRELIMINARY MANDATES, 25 NOVEMBER 2019

NATIONAL TREASURY

The Select Committee on Appropriations met in Cape Town on 25 November 2019 to consider preliminary mandates submitted by Provincial Legislatures on the Division of Revenue Amendment Bill. This document outlines National Treasury's responses to recommendations and findings that were submitted together with these negotiating mandates.

In this response document questions on similar issues have been grouped together and responses to similar recommendations from different provinces have not been repeated.

EASTERN CAPE

The current funding model of the Provincial Roads Maintenance Grant (PRMG) does not favour the EC province in that it is a rural province and thus has a lower number of surfaced (tarred) roads in comparison with other provinces and therefore the funding for maintenance is only applicable to the fewer number of surfaced/tarred roads.

The funding model for the PRMG is not intended to favour or disadvantage any province. The funding model is intended to allocate the resources needed to maintain provincial road networks in good condition, if provinces adhere to best practices in terms of prioritizing road maintenance projects.

The PRMG funding model accounts for the extent of both surfaced/tared roads and gravel roads in each province. The extent of the full provincial roads network is used in calculating the allocations for each province. Tarred roads are funded at a higher rate per kilometer than gravel roads, reflecting that maintenance work on tarred roads is more expensive.

The Bill must clarify the roles and responsibilities in the areas of delivery of water and electricity between local and district municipalities as well as Eskom.

The Division of Revenue Act (DoRA) allocates funding between the three spheres of government for the provision of public services. In doing this, it adheres to the principle that, *funds follow functions*. In other words, funding in the DoRA is allocated to the organ of state legally assigned the responsibility for the function that is being funded. The DoRA cannot change the assignment of functions between different organs of state. Legislation and/or assignment processes within sectors would need to be followed to shift functions. The DoRA does however include provisions in section 29 that regulate the transfer of funds from municipalities that are authorized for a function (and hence funded for it) to another municipality, if that municipality performs the function on their behalf.

Eskom must improve its capacity to service the inaccessible areas of the province as this results in the withdrawal of funding due to the utility not being able to access these areas and thus not utilizing the funds allocated as is the case currently with the Integrated National Electrification Programme (INEP).

National Treasury notes this recommendation, and will share it with the Department of Energy (which is the transferring officer for this grant).

The province has quantified its infrastructure backlog and made a submission to the FFC in 2016/17 and this was also raised with the National Treasury, however no specific response has been forthcoming yet.

National Treasury notes this recommendation and will share it with the Financial and Fiscal Commission, for them to respond to the province on the submission made in 2016/17.

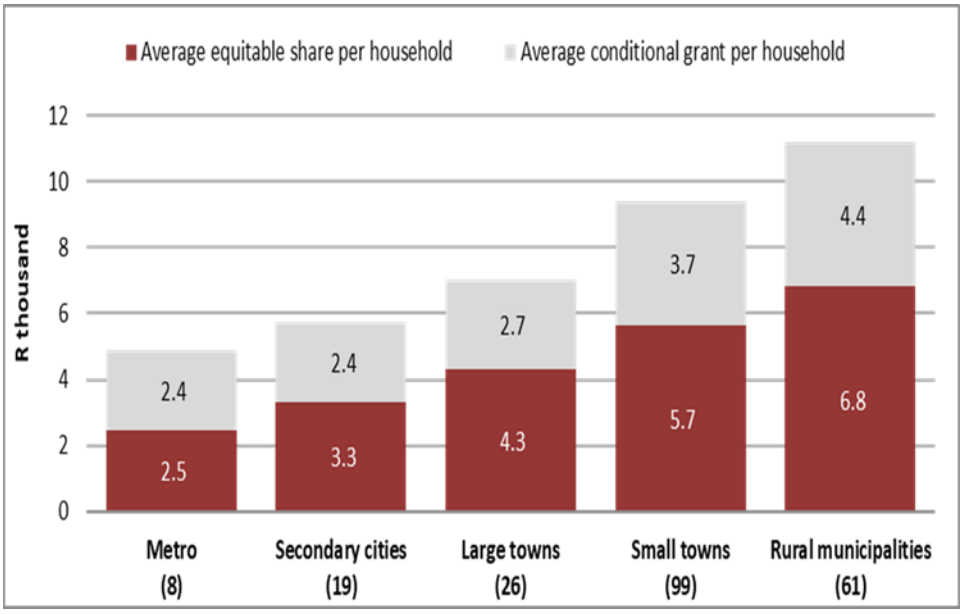
The allocation of infrastructure grants to provinces accounts for the extend of infrastructure in each province and demand for health and education services. The School Infrastructure Backlogs Grant was also introduced to address infrastructure backlogs, and the largest allocations from this grant have been spent in the Eastern Cape. The allocation of infrastructure grants to municipalities is based on infrastructure backlogs, as reported in the 2011 Census.

FREE STATE

1. **That the current equitable share formula be reviewed as it is not biased towards rural and poor municipalities.**

The local government equitable share formula allocates more than twice as much per household to rural municipalities as it does to metropolitan municipalities.

Figure 1: Local government transfers per household, 2019/20



However, several stakeholders have raised concerns about the structure of the local government fiscal framework. The Minister of Finance has therefore proposed that a special Local Government Budget Forum Lekgotla be held to discuss the structure of the local government fiscal framework. This meeting will include treasuries, cooperative governance departments and the South African Local Government Association (SALGA).

2. **The centrality of the Free State Province in the country place an extra burden on its resources. The infrastructure e.g. roads are over used and maintenance thereof depletes the financial resources and accordingly it deserves extra funding to bear the costs emanating from its centrality.**

This concern is noted. Each province has the opportunity to raise the unique factors that drive higher (or lower) costs in their province as part of the on-going review of the provincial equitable share formula. This review is being overseen by the Technical Committee on Finance which includes the National Treasury and the heads of department of the 9 provincial treasuries.

3. **The Free Sate province is one of the drought-stricken areas in the country currently, as it is one of the key agricultural hubs in the country drought has dire consequences and will affect many, therefore it is imperative that funds be allocated for drought relief.**

Several provinces are impacted by ongoing drought conditions. Prolonged drought conditions require adaptation by farmers, businesses and households to conserve water resources. In some cases, infrastructure investments can assist in providing alternative sources of water and substantial allocations were made to fund such investments across the country in the 2018 adjustments budget. Some of these funds were not spent by the end of the 2018/19 financial year and so have been rolled-over into the 2019/20 financial year to fund the implementation of projects that have not yet been completed. No requests for additional drought funding were received by the National Treasury in the run-up to the 2019 adjustments budget.

In 2018/19 the following funding was provided:

- R1.56 billion was reprioritsed for drought response within conditional grants prior to the tabling of the 2019/20 adjustment budget.
- A further R1.59 billion of municipal and provincial own funds were also reprioritised towards drought response over this period
- R3 billion in conditional grant funding for drought response to provinces and municipalities was then included in the 2018/19 adjustment budget (not all of this funding was spent by the end of 2018/19). These amounts were allocated to 8 of the 9 provinces (Gauteng did not receive drought funding).

Summary of amount per province for drought relief allocated through conditional grants, 2018/19

R millions	Agriculture grants to provinces	Provincial Disaster Relief Grant	Direct grants to municipalities	Indirect water grants benefitting municipalities	TOTAL
Eastern Cape	56.0	-	444.0	436.6	**936.6**
Free State	13.5	-	239.0	-	**252.5**
Gauteng	-	-	-	-	**-**
KwaZulu-Natal	9.9	-	-	122.4	**132.2**
Limpopo	45.2	-	-	97.5	**142.7**
Mpumalanga	20.9	-	56.8	-	**77.7**
Northern Cape	78.0	-	-	9.8	**87.8**
North West	31.2	-	20.7	288.9	**340.8**
Western Cape	211.9	-	553.1	58.9	**823.9**
Unallocated	-	200.0	-	-	**200.0**
TOTAL	**466.5**	**200.0**	**1 313.6**	**1 014.1**	**2 994.2**

Approved roll-overs of funding not spent in 2018/19 include:

- R428 million on the Municipal Disaster Recovery Grant
- R619 million on the Water Services Infrastructure Grant
- R23.5 million on the Regional Bulk Infrastructure Grant
- R154.3 million on the Comprehensive Agricultural Support Programme Grant

In 2019/20, in addition to continuing to spend funds allocated in 2018/19, most drought-affected provinces and municipalities are currently funding drought response activities from their own budgets. This is consistent with the principles for disaster funding set out in the Disaster Management Act (Act 57 of 2002). Section 56(2)(a) of the Disaster Management Act says that when a disaster occurs the, "National, provincial and local organs of state may financially contribute to response efforts and post-disaster recovery and rehabilitation." The affected province and municipalities should therefore be expected to make a contribution from their own budgets. This is happening already, with provinces and municipalities amending their spending plans to prioritize responding to the drought.

No applications for additional drought funding have been submitted to the National Treasury by the National Disaster Management Centre (which coordinates and assesses funding applications) in 2019. This is partly because provinces and municipalities are still spending funds allocated in 2018/19 and rolled-over into 2019/20.

Funding available for declared disasters

Funding to respond to declared disasters is available from several sources. Although the drought resulted in a national disaster being declared in April 2018 but this lapsed in June 2018 (in terms of section 27(5)(a) of the Disaster Management Act (57 of 2002), a declaration of disaster lapses after three months, unless it is renewed).

Disaster relief funds can be applied for from the Provincial Disaster Relief Grant and the Municipal Disaster Relief Grant. These grants are allocated a combined total of R466.4 million in 2019/20. Applications for funding from these grants need to be submitted to the National Disaster Management Centre, who assess the applications and recommend the amount of funding to be released. These grants are provided for in Schedule 7 of the Division of Revenue Act, which provides for the immediate release of disaster relief funds. The provisions allowing for the rapid release of these funds are set out in section 26(3) of the Division of Revenue Act, and the frameworks setting out the grant rules and application process can be found on pages 149 and 207 of the Division of Revenue Bill, 2019.

Funds are also available for the provision of emergency shelter and repair of housing damaged by disasters through provincial and municipal Emergency Housing Grants that are administered by the national Department of Human Settlements. These grants provide for the immediate release of funds to assist in the aftermath of an emergency, for example to ensure people have safe shelter following severe flooding or extreme weather events that damage housing.

Funds from other conditional grants to provinces and municipalities may also be reallocated to pay for the alleviation of the impact of a declared disaster. Section 20(6) of the Division of Revenue Act provides for such a reallocation, if it is requested by both the department that administers that conditional grant and the National Disaster Management Centre.

Following a disaster, the repair and rebuilding of damaged infrastructure is typically funded through ring-fenced allocations in the next Budget or Adjustment Budget. While the funding sources outlined above emphasise making funding available rapidly to address the immediate impacts of a disaster, it typically takes longer to assess and plan for the rebuilding or repair of damaged infrastructure. Rebuilt infrastructure typically has to be redesigned so that it will not be vulnerable to damage in a similar disaster in future. All disaster recovery requests are assessed by the National Disaster Management Centre and they then recommend the amounts to be funded to the National Treasury. Funds can be ring-fenced within an existing budget or conditional grant (for example road repair projects in provinces are typically funded through ring-fenced allocations within the Provincial Roads Maintenance Grant) or through a separate disaster recovery grant.

Disaster mitigation and prevention

The Disaster Management Act sets out responsibilities for provinces, municipalities and national government departments to conduct disaster risk assessments and prepare plans for the mitigation of potential disasters as well as planning requirements so that they are prepared in the event that a disaster does occur.

Section 57 of the Disaster Management Act then lists factors that may be taken into account when a province or municipality requests national funding to assist with a disaster. These factors include:

(a) Whether any prevention and mitigation measures were taken or initiated by the municipality or province, and if not, the reasons for the absence of such measures;

(b) whether the disaster could have been avoided or minimised had prevention and mitigation measures been taken;
(c) whether it is reasonable to expect that prevention and mitigation measures should have been taken or initiated in the circumstances by the municipality or province;
(d) whether the damage caused by the disaster is covered adequately by insurance, and if not, the reasons for the absence or inadequacy of insurance cover; and
(e) the magnitude and severity of the disaster and whether or not available financial resources at local level, or if it is a provincial disaster, at provincial level, are exhausted.

4. **There should be a special allocation for the unfunded mandates to lower levels of government e.g. implementation of section 139 of municipalities. These mandates are implemented at a cost to Provinces.**

Support and oversight of local government is one of the core mandates of both provincial and local government. Section 154 of the Constitution requires both national and provincial government to support and strengthen the capacity of municipalities. However, in recognition of the fact that all provinces need to further strengthen their own capacity to manage interventions in municipalities facing financial crises, an amount of R90 million was added to the provincial equitable share in 2019/20 to fund additional capacity. This amount provides for R10 million per province in this financial year, and continues to grow in line with inflation in future years.

5. **Integrated National Electrification Programme Grant and Municipal Systems Improvement Grant, must be reviewed as it has a negative bearing on municipalities.**

The reductions to these grants were made due to projected underspending. The reductions themselves do not negatively impact delivery, as the funds would, in all likelihood, not have been spent even if no reduction was made. The benefit of making this reduction is that national government does not have to borrow the funds, only to have them go unspent. National Treasury agrees that the performance of each of these grants requires attention to improve their expenditure in future. This concern will be shared with the transferring officer responsible for managing each grant.

6. **The reduction of NHI grant to the province from direct to indirect remains a concern.**

This concern is noted. The Free Sate's allocation for the NHI Indirect Grant is reduced by R31.8 million, but the direct NHI Grant for the Free State is increased by R21.5 million in 2019/20. The shift of funds from an indirect to a direct allocation will allow the province to pay for the contracting of health professionals in NHI pilots themselves, rather than submitting claims to the national Department of Health.

7. **Water catchment in Ficksburg and Fika Patso is a concern.**

This concern is noted and will be brought to the attention of the Department of Water and Sanitation.

8. **National Treasury must ensure that section 29 of the Division of Revenue Act is effectively implemented to the affected municipalities.**

National Treasury agrees on the importance of effectively implementing all sections of the Division of Revenue Act. Section 29 of the Division of Revenue Act includes requirements for district and local municipalities to agree on transfers in cases where a district municipality is authorised to perform a particular function, but the local municipality is actually performing that function. Section 29(6) empowers National Treasury to withhold or stop transfers if these provisions are not complied with. However, for National Treasury to invoke this section, there would need to be a request from an affected municipality, or the provincial treasury.

GAUTENG

1. **National Treasury should consider reviewing the equitable share formula in favour of local government, in view of local government's revenue base revised downwards and expenditure revised upwards.**

The division of revenue between national, provincial and local government is determined through the budget process and approved by the Budget Council (in which provinces are consulted), Budget Forum (in which organized local government is consulted) and Cabinet before the draft division of revenue is tabled in parliament in the Medium Term Budget Policy Statement. Formulas are only used to determine the allocations among provinces of the provincial equitable share and among municipalities from the local government equitable share.

The allocation of funds between national, provincial and local government in the Division of Revenue is informed primarily by the functions performed by each sphere. The national and provincial spheres receive larger allocations because they deliver more costly functions, and unlike municipalities they do not collect significant revenues that offset the costs of their services. National government's services include policing, defense, social security and higher education (which is now fee free for students from low-income households). Provinces spend the majority of their budgets on providing healthcare and basic education (which is also free to most learners). On the other hand, the largest services provided by municipalities are electricity reticulation, water, sanitation and refuse removal. All of these are services that all businesses and non-poor households should be paying for. This is part of the reason I always emphasise the importance of all of us paying for the services we use.

In addition, municipalities also collect property rates, which is an important wealth tax paid by property owners that is worth over R60 billion per year and is retained by municipalities and not shared with national government or provinces.

Of course, the revenue base is very unequally distributed across municipalities, with high revenue potential in areas with strong economic activity, and much, much weaker revenue potential in most rural areas. This is why the Division of Revenue is structured to allocate more than twice as much per household to rural municipalities than it allocates to urban municipalities through the local government equitable share. These allocations are calculated to fund the cost of delivering

a package of free basic services to all households with an income of less than two old age pensions.

Several stakeholders have raised concerns about the structure of the local government fiscal framework. The Minister of Finance has therefore proposed that a special Local Government Budget Forum Lekgotla be held to discuss the structure of the local government fiscal framework. This meeting will include treasuries, cooperative governance departments and the South African Local Government Association (SALGA).

2. **That National Treasury should ensure that there is value for money in the projects that are funded through the national fiscus.**

National Treasury agrees on the importance of ensuring value for money in projects funded with public funds.

Within the context of the Division of Revenue Act, accountability for the effective spending of conditional grant funds rests with the receiving officer of the grant (this is the accounting officer of the province or municipality that receives the grant). Sections 11 and 12 of the Act set out these responsibilities in detail, including the responsibility to comply with grant conditions, to report on performance and to evaluate the performance of programmes partially or fully funded through the grant.

It is the responsibility of the transferring officer (the accounting officer of the national department that transfers the grant funds) to monitor the performance of the grant, based on the reports received. Sections 9 and 10 of the Act set out the responsibilities of transferring officers. National Treasury is responsible for monitoring the financial performance of the grant. National Treasury's responsibilities are set out in section 31 of the Act, as well as specific other duties being prescribed throughout the Act.

3. **That National Treasury should apply punitive measures for under expenditure, thereby encouraging service delivery.**

This recommendation is noted. The 2019 Medium Term Budget Policy Statement notes that past performance, including expenditure levels and service delivery were taken into account in determining the extent of reductions applied to each conditional grant for the 2020 MTEF. However, the need to apply consequences for past poor performance must be balanced with the potential for improved performance in future, the need to ensure that policy priorities are adequately provided for and the need to ensure equity in allocations between different provinces and municipalities.

MPUMALANGA

1. **National Treasury is requested to indicate how much has been allocated for the development of the Moloto Corridor over the MTEF period.**

SANRAL plans to spend R4.5 billion on rebuilding and upgrading roads in the Moloto Corridor between 2019/20 and 2022/23. This project extends across 5 municipalities and 3 provinces and includes:

- Upgrading gravel access roads to surfaced roads
- Upgrading single lane road to dual carriageway
- Building new dual carriageway freeway sections

These are major upgrades that will transform the nature of road infrastructure in the Moloto Corridor, making them world-class roads, appropriate for the large volumes of traffic that move along this corridor daily. Although the project has already begun, in 2020/21 construction will intensify on the new dual carriageway freeway and gravel roads will be upgraded to surface roads.

SANRAL reports that portions of the roads are under construction in 2019/20:

- Sekhukhune District municipality (Mpumalanga)
- Thembisile Hani (Mpumalanga)
- Greater Marble Hall Cross Boundary (Limpopo)

The Moloto Road has been transferred from the provinces of Limpopo, Mpumalanga and Gauteng to SANRAL. As such it is now a national road, with the upgrades and future maintenance funded by SANRAL. Funding for this corridor is therefore not shown in the Division of Revenue Act or Amendment Bill.

Issues relating to the proposed rail project on this corridor was discussed in the Select Committee on Appropriations' meeting on 25 November 2019 and the Committee proposed a way forward.

2. **The National Treasury must ensure that there is an allocation for the upgrading of sanitation in schools.**

The upgrading of school sanitation is a key government priority and is funded in the School Infrastructure Backlogs Grant. Government has allocated a total of R3.4 billion to this initiative over the 2019 MTEF. The private sector has also pledged more than R250 million. The Department of Basic Education have identified clear timeframes and delivery models. The department is confident that within the next three years, they would have eradicated the remaining 3 898 pit-latrines in schools.

Although projects planned for implementation in 2019/20 in Mpumalanga and North West will not be implemented this year, the implementation of these projects has only been delayed, not cancelled. These projects will be allocated funding and be implanted in the 2020 MTEF.

National Treasury will request the Department of Basic Education to share with the Select Committee on Appropriations a list of the schools where school sanitation will be upgraded through this programme.

NORTHERN CAPE

1. **The committee observes with dismay the huge amount of R74m that is lost by the Province.**

This amount refers to the reduction in planned spending on the Regional Bulk Infrastructure Grant on projects in the Northern Cape. The provincial government actually receives a net increase of R25.1 million in direct transfers in the Division of Revenue Amendment Bill, 2019.

The reasons for the reductions made to projects in the Northern Cape include the Dawid Kruiper Local municipality failing to agree to a co-funding agreement for the Upington Wastewater Treatment Works (this accounts for more than half of the total reduction in planned spending on the Regional Bulk Infrastructure Project in the Northern Cape). Two other projects have been delayed as the Implementation Readiness Studies for the planned projects have not yet been completed and work cannot begin until these studies have been completed and approved.

National Treasury will follow-up with the Department of Water and Sanitation on the way forward with the project in Dawid Kruiper Local Municipality.

2. **Money allocated to the Northern Cape is not enough to deliver services in the Province, (the equitable share formula not fair to the province). The rural nature of the vast distances travelled needs to be taken into consideration; and**

3. **In the review of the equitable share cognisance should be taken of the peculiarities of the Northern Cape, and how expensive it is to deliver services.**

The Provincial Equitable Share formula is currently being reviewed (horizontal division). The different cost factors experienced in delivering services in each of the 9 provinces (and in different areas within provinces) forms part of this review. Provincial Treasuries have been asked to submit information on these different costs as part of the information base that informs the review.

The institutional component in the existing formula already provides a substantial benefit to provinces with smaller populations, including the Northern Cape. This component allocates the same amount to all provinces, so the Northern Cape receives the same 11.1 per cent share of this component as every other province.

4. **The province of the Northern Cape is one of the hardest hit by drought and yet there is no relief for the farmers.**

See earlier response on drought funding (under Free Sate).

5. **The national and provincial treasuries must advise and assist municipalities on how to spend allocated funds as well as conditional grants for their intended purposes.**

National Treasury provides advice on how municipalities should prioritise their budgets through budget circulars (examples of past circulars are available online at mfma.treasury.gov.za). The same website also provides an online tool that guides municipalities on how to draw up a budget that is responsive to the needs of their community. National and provincial treasuries then provide direct advice to individual municipalities on their draft budgets during benchmark engagements.

Conditional grants have gazette frameworks that set out the purpose for which grant funds can be spent and the conditions that apply to the funds, as well as the responsibilities of the national department transferring the funds and the province or municipality recieving them.

NORTH WEST

1. **The committee is in support of the R45.3 million that will be ring-fenced as a direct grant which requires provinces to transfer funds to the HSRC.**

These funds will be transferred to the HSRC by the national department for the completion of this important survey that will establish poverty baselines that will assist in improving the targeting of government programmes in the agriculture sector in future.

2. **National and Provincial Treasury have to ensure that oversight mechanisms are strengthened at municipalities as appropriations and grants are not spent accordingly.**

See response to similar recommendation from the Northern Cape above (recommendation 5 from the Northern Cape).

3. **The committee adopt but not in support of funds to be taken to National while there is an issue of drought in the province.**

See drought funding response above (under Free State responses).

4. **The committee recommends that the stringent reduction directed to North West must be debated further.**

Direct transfers to the North West provincial government increase by a net amount of R18.3 million in the 2019 Division of Revenue Amendment Bill. There is no net change to municipal allocations to the province for the indirect Regional Bulk Infrastructure Grant, and an increase of R17.4 million in allocations for the Integrated National Electrification Programme Grant. The only net reduction in indirect grants is a reduction of R1.4 million in planned spending in the North West from the Municipal Systems Improvement Grant.

WESTERN CAPE

1. **Funding should be allocated to address the severe drought in certain rural areas in the Western Cape since a state of emergency was declared.**

See earlier response on drought funding (under Free State).

2. **National government has a constitutional obligation to address the issue of safety and security in the province given the high crime rate. Due to the lack of funding from National Government, the Western Cape has forked out R1 billion of its own resources to address an issue that falls outside the provincial mandate. This should be considered in the Bill.**

This recommendation is noted. However, policing is a national function and allocations for the function are therefore not shown in the Division of Revenue Act, or in this Amendment Bill.

3. **Western Cape has the second highest rate of immigration in the country. Public services such as health, education and other forms of service delivery remain under immense pressure as no additional resources have been allocated to the health and education sectors in the province. The bill should include additional funding to address this matter.**

The provincial equitable share formula takes account of Statistics South Africa's data, updated annualy, on estimated migration into and out of each province. As a result, each province is compensated int eh allocation of equitable share funds for growth in their population as a result of migration. It is up to each provincial government, through their own budget process, to ensure that their education and health services are appropriately budgeted for.

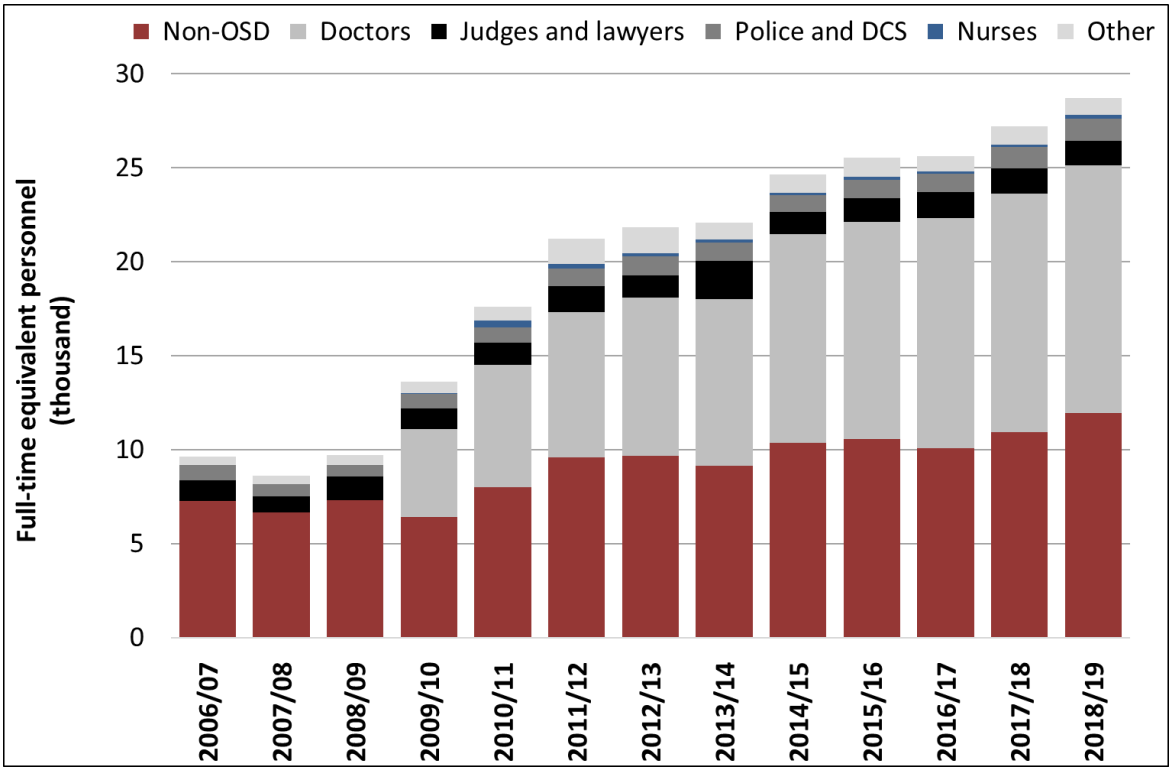
4. **In order to provide essential public services to the poor, National Government should finalise the Public Sector Wage Bill.**

Public sector wages are subject to collective bargaining agreements. The current three-year agreement lasts from 2018/19 to 2020/21.

5. **National Government should review the salaries of the 29 000 senior managers that earn more than R1.2 million per annum. These are non-specific Occupation Specific Dispensation post which Minister of Finance, Mr T Mboweni, has raised but failed to put measures in place to address.**

The following graph, published in the 2019 Medium Term Budget Policy Statement, shows that there are 29 000 public sector employees who earn more than R1 million per year (measured in terms of the cost to the employer). As can be seed from the graph, most of these employees are doctors. Non-occupation specific dispensation employees account for less than half of the total in this category.

Figure 2: Public servants receiving annual salaries in excess of R1 million in 2018/19 Rands



Government is committed to examining all aspects of the public sector wage bill to ensure that it is sustainable.

6. **National government must introduce consequence management given the fact that billions of Rands are being wasted incessantly.**

The process for implementing consequences for fruitless and wasteful spending are already set out in the Public Finance Management Act (PFMA). Section 38 of the PFMA places the responsibility to prevent unauthorised, irregular and fruitless and wasteful expenditure on the accounting officer of a department (a similar section exists for entities in S51). In terms of section 81 of the PFMA, a breach of section 38, amongst others, constitutes financial misconduct. Treasury regulation 4 puts the responsibility on the accounting officer to investigate the alleged financial misconduct. Where the accounting officer is alleged to have committed financial misconduct, the responsibility lies with the executive authority to investigate. The only powers National Treasury has in relation to this is to say who can investigate and how the investigation should be performed.

7. **National Government should not continue to bail out State Owned Enterprises (SOEs) at the expense of the taxpayers and the poor, with no consequences for accounting officers who are employed by these SOEs.**

This recommendation is noted. However, as funding for SOEs does not form part of this Bill, this issue cannot be responded to here.

8. **Despite the strong opposition to National Health Insurance (NHI), the Minister continues to fund projects related to the NHI. These funds should be allocated to addressing the severe drought in the Western Cape instead, as well as to safety and security projects.**

Preparations for the implementation of NHI is a government priority. The objectives of the NHI reforms support the progressive realisation of the right to access healthcare set out in section 27 of the Constitution. National Treasury does not support the proposal to reallocate funds budgeted for this purpose to instead support projects in only one province as this would distort the equity of allocations across the nine provinces.