

According to a study by the Institute for Constitutional Studies (*'22 Years of Devolution, An Evaluation of the Working of Provincial Councils in Sri Lanka'*) only around 6% of Provincial Council expenditure is for provincial establishment and administration. This is the expenditure incurred in relation to the Provincial Council, Board of Ministers, and Provincial Ministries etc. The other expenditure items are economic infrastructure, social infrastructure, community services, agriculture and industry. These monies would have been spent by the Government in Colombo in any case, if there were no Provincial Councils. Thus only 6% of the total expenditure is for the so-called 'sudu aliya' of 'white elephant'. I quote from the relevant portion of the study written by Asoka Gunawardena, former Chairman, Finance Commission.

[Quote] The subject categories of provincial recurrent expenditure demonstrate the scope and pattern of provincial spending priorities in the provision of devolved public services.

Table 5.4

Provincial Recurrent Expenditures by Subject Categories – 2004/2009

Rs.Millions

Subject	2004	%	2009	%
Provincial Establishment	1,234	2.78	6,890	6.18
Provincial Administration	491	1.11		
Economic Infrastructure	915	2.06	1,827	1.64
Social Infrastructure	36,910	83.05	87,116	78.25
Community Services	3,782	8.51	12,826	11.53
Agriculture	747	1.68	2,004	1.80
Industry	363	0.82	672	0.60

Source: Finance commission and Ministry of Provincial Councils

Approximately 96% in 2004 and 93.72% in 2009 of provincial expenditures are about services. The share of the provincial layer of government accounts (provincial establishment and provincial administration) has increased from 3.89% in 2004 to 6.18 in 2009. The increase accommodates a new establishment and administration for the North, a new provincial council and growth in operational expenditures of the provincial ministries. This is despite the popular notion of provinces being "white elephants" incurring wasteful expenditure. As far as service delivery activities are concerned social infrastructure (education and health) dominates

accounting for approximately 83.00% in 2004 and 78.25% in 2009 of total provincial expenditure. The share of *economic services* comprised of economic infrastructure, agriculture and industry account for less than 5.0% of total provincial expenditure in 2004 and had reduced to approximately 4.0% in 2009. The share of community services includes grants to local government for supporting recurrent expenditures in respect of staff salaries and wages. This makes the provincial role a marginal, in fact a reducing one in promoting economic growth and poverty reduction. The largely constant share of total provincial expenditure suggests that there is little fiscal space for any adjustment in spending patterns. [Unquote].

What about the ‘sudu aliyas’ at the Centre- CPC, CEB, Mihin Lanka, Srilankan Airways, Mattala, Hambantota Harbour, President’s expenditure etc.?

Why do not the Finance Commission, the Ministry of Provincial Councils and the Provincial Councils themselves make these figures public and dispel the wrong perception of the ‘white elephant’?