

OFFICE OF THE SPEAKER

Enq: Adv. B Mdluli
Tel: 013 766 1038



FINAL MANDATE

To : The Chairperson of the National Council of Provinces

Name of the Bill : Division of Revenue Bill

Number of the Bill : [B 5 -2019]

Date of Deliberation: 26 March 2019

Vote of the Legislature: The delegation representing the province of Mpumalanga in the National Council of Provinces is hereby conferred with a mandate to vote in favour of the Division of Revenue Bill [B 5 – 2019].

HON. VS SIWELA
SPEAKER: MPUMALANGA
PROVINCIAL LEGISLATURE

DATE

Private Bag X 11289
Mbombela 1200
Tel +27 13 766 1038
Fax + 27 13 766 1469
Building No 1, Mpumalanga
Government Complex
Riverside Park, Mbombela,
Mpumalanga Province
Republic of South Africa
www.mpuleg.gov.za

REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM ON THE DIVISION OF REVENUE BILL [B5 - 2019]

1. INTRODUCTION

The Speaker of the Legislature referred the Division of Revenue Amendment Bill [B5-2019] to the Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism for consideration and report back to the House in accordance with the legal prescripts and the Rules and Orders of the Mpumalanga Provincial Legislature (the rules).

In terms of Section 118 (1) of the Constitution of the Republic of South Africa, 1996, the Legislature has a Mandate to facilitate public involvement in the legislative and other processes of the Legislature and its Committees. Therefore, the Committee conducted public hearings to solicit public inputs and views from members of the public on the above mentioned Bill.

2. OBJECTIVES OF THE BILL

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2019/20 financial year, the determination of each province's equitable share and allocations to provinces, local government and municipalities from national government's equitable share and the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.

3. METHOD OF WORK

The Bill was referred to the Committee immediately after being referred to the Legislature. Subsequently, the Committee interacted on the Bill as follows:

- a) The Committee received a briefing on the Bill from the NCOP permanent delegate and officials from the National Treasury.
- b) The Committee determined that public input should be solicited on the Bill and a public hearing was conducted on the 14 March 2019 in the precinct of the Legislature.
- c) The Committee met on the 19 March 2019 to consider its Committee report and Negotiating Mandate on the Bill.
- d) The Committee met again on the 26 March 2019 to consider the Final Mandate on the Bill.

4. INTERACTION BY THE COMMITTEE WITH THE NCOP PERMANENT DELEGATE ON THE BILL

Hon F Essack gave a brief political overview on the Bill and the following points were noted from the overview made:

- The 2019 Division of Revenue Bill was introduced by the Minister of Finance on the 20 February 2019;
- The 2019 Division of Revenue Bill addresses the following:
 - Changes in the equitable division of nationally raised revenues among the spheres of government;
 - Adjustment to Provincial Allocations;
 - Adjustment to Local Government Allocations and
 - Changes to Gazetted Frameworks (technical corrections)
- The allocation from national to provinces increased from **R572 200 000 000.00** to **R612 300 000 000.00** in the 2019/20 financial year.
- **Mpumalanga Province received the following allocations:**

Allocation Name	DORB 2019/20
Equitable share allocation	R41 400 000 000.00
Conditional grants allocation	R8 200 000 000.00
Agriculture Grants	
Ilima / Letsema Grant	R5 300 000.00
Arts and Culture	
Community Library Services Grant	R65 400 000.00
Human Settlements	
HSDG (ring fenced and can only be used for projects contained in the informal settlements upgrading plans of the province)	R120 900 000.00
	R185 000 000.00

- **Local Government Equitable Share**
 - a) The local government allocation has grown from **R117 300 000 000.00** in the 2018/19 financial year to **R127 300 000 000.00** in the 2019/20 financial year.

Local Government Equitable Share

Equitable share allocation for MP	DORB 2019/20
Amount allocated to the Province	R5 900 000 000.00
Infrastructure Skills Development Grants	R31 700 000.00
Local Government Financial Management Grant	R40 700 000.00
EPWP for municipalities	R56 700 000.00
Municipal infrastructure Grant	R1 800 000 000.00
Regional bulk Infrastructure Grant	R370 000 000.00
Water Services Infrastructure Grant	R510 000 000.00
Integrated National Electricity Programme Grant	R193 200 000.00
Rural Roads Asset Management System Grant	R7 200 000.00

5. PRESENTATION BY NATIONAL TREASURY

Subsequent to the overview made by Hon Essack, the National Treasury made a presentation to the Committee. The following was noted from the presentation made:

Mpumalanga 2019 MTEF Provincial Allocations:

Mpumalanga Conditional Grant Allocations				
R Thousands	2019/20	2020/21	2021/22	2019 MTEF
Total transfers to provinces	49 672 730	52 471 845	56 041 361	158 185 936
Provincial Equitable Share	41 427 976	44 474 644	47 389 179	133 291 799
Conditional grants	8 244 754	7 997 201	8 652 182	24 894 137
Agriculture, Forestry and Fisheries	224 721	242 395	260 678	727 794
Comprehensive Agricultural Support Programme Grant	154 076	167 864	181 659	503 599
Ilima/Letsema Projects Grant	61 504	64 887	68 845	195 236
Land Care Programme Grant: Poverty Relief and Infrastructure Development	9 141	9 644	10 174	28 959
Arts and Culture	166 389	175 910	185 860	528 159
Community Library Services Grant	166 389	175 910	185 860	528 159
Basic Education	1 507 850	1 639 433	1 747 888	4 895 171
Education Infrastructure Grant	731 792	819 111	882 432	2 433 335
HIV and AIDS (Life Skills Education) Grant	21 919	22 994	24 259	69 172
Learners With Profound Intellectual Disabilities Grant	26 094	29 020	30 616	85 730
Maths, Science and Technology Grant	40 354	42 794	45 164	128 312
National School Nutrition Programme Grant	687 691	725 514	765 417	2 178 622
Health	2 646 999	2 895 206	3 267 063	8 809 268
HIV, TB, Malaria and Community Outreach Grant	1 998 197	2 207 510	2 532 610	6 738 317
<i>Of Which:</i>				
Community Outreach Services Component	179 850	189 921	309 641	679 412
HIV and AIDS Component	1 756 597	1 952 995	2 157 440	5 867 032
Malaria Component	27 817	28 795	27 761	84 373
Tuberculosis Component	33 933	35 799	37 768	107 500
Health Facility Revitalisation Grant	344 915	365 162	393 783	1 103 860
Health Professions Training and Development Grant	120 678	127 315	134 317	382 310
Human Papillomavirus Vaccine Grant	18 654	19 680	20 762	59 096
Human Resources Capacitation Grant	41 562	44 305	47 140	133 007
National Tertiary Services Grant	122 993	131 234	138 451	392 678

RThousands	2019/20	2020/21	2021/22	2019 MTEF
Human Settlements	1 332 536	1 331 097	1 363 182	4 026 815
Human Settlements Development Grant (HSDG)	1 296 059	1 091 658	1 075 145	3 462 862
Informal Settlements Upgrading Partnership Grant for Provinces	–	200 956	288 037	488 993
Title Deeds Restoration Grant	36 477	38 483	–	74 960
Public Works	66 557	–	–	66 557
Expanded Public Works Programme Integrated Grant for Provinces	27 249	–	–	27 249
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	39 308	–	–	39 308
Social Development	44 351	47 323	49 926	141 600
Early Childhood Development Grant	44 351	47 323	49 926	141 600
<i>Maintenance Component</i>	8 603	9 181	9 686	27 470
<i>Subsidy Component</i>	35 748	38 142	40 240	114 130
Sport and Recreation South Africa	48 791	51 210	53 776	153 777
Mass Participation and Sport Development Grant	48 791	51 210	53 776	153 777
Transport	2 206 560	1 614 627	1 723 809	5 544 996
Provincial Roads Maintenance Grant	1 572 126	937 686	1 009 636	3 519 448
Public Transport Operations Grant	634 434	676 941	714 173	2 025 548

Local Government Equitable Share Allocations, 2019 MTEF

Code Municipality	2019/20 R'000	Forward Estimates	
		2020/21 R'000	2021/22 R'000
MPUMALANGA			
B MP301 Chief Albert Luthuli	311 205	335 283	362 109
B MP302 Msukaligwa	172 093	189 215	208 470
B MP303 Mkhondo	235 268	256 568	280 464
B MP304 Dr Pixley ka Isaka Seme	119 397	128 109	137 772
B MP305 Lekwa	118 689	129 247	141 032
B MP306 Dipaleseng	72 019	78 223	85 158
B MP307 Govan Mbeki	284 504	314 264	347 754
C DC30 Gert Sibande District Municipality	291 937	300 463	309 582
Total: Gert Sibande Municipalities	1 605 112	1 731 372	1 872 341
B MP311 Victor Khanye	96 421	105 943	116 664
B MP312 Emalahleni	360 048	401 151	447 740
B MP313 Steve Tshwete	200 511	226 033	255 256
B MP314 Emakhazeni	63 383	68 737	74 707
B MP315 Thembisile Hani	404 156	437 779	475 365
B MP316 Dr JS Moroka	379 397	405 239	433 927
C DC31 Nkangala District Municipality	356 274	367 176	378 869
Total: Nkangala Municipalities	1 860 190	2 012 058	2 182 528
B MP321 Thaba Chweu	143 286	157 236	172 916
B MP324 Nkomazi	569 784	617 615	671 087
B MP325 Bushbuckridge	788 070	847 055	912 687
B MP326 City of Mbombela	725 225	794 261	871 696
C DC32 Ehlanzeni District Municipality	253 324	264 110	275 820
Total: Ehlanzeni Municipalities	2 479 689	2 680 277	2 904 206
Total: Mpumalanga Municipalities	5 944 991	6 423 707	6 959 075

Source: Division of Revenue Bill 2019

6. INPUTS BY THE PROVINCIAL TREASURY

The Provincial Treasury raised the following issues:

- Treasury raised a concern that although the Equitable Share has increased, the province will lose some monies as per the equitable share formula;
- This is mostly noted on the education system after the introduction of the LURIS system which requires that only learners that are registered on the system will be catered for when allocations are made.
- Provincial Treasury appreciated the allocation for the Sanitary Dignity Project and reported that in the previous financial years, the project was funded from equitable share.
- Treasury raised a concern that the EPWP grant came with a reduction, although the province was performing well in implementing the grant.

7. INPUT BY THE LEGISLATURE LEGAL SERVICES

- The Legal advisor urged the Provincial Treasury to ensure that the allocation for the Sanitary Dignity Projects is spent by the relevant department.

8. DELIBERATIONS BY THE COMMITTEE

- The Committee requested the National Treasury to provide an update on the construction of the Moloto rail.
- The Committee raised a concern that the budget allocated for the National Health Insurance is not adequate.
- The Committee welcomed the allocation for the Sanitary Dignity Project.
- The Committee enquired on the formula that is used to appropriate money to provinces.
- The Committee raised a concern that the local government allocation was not sufficient considering that municipalities are at the core of service delivery.

9. PUBLIC INVOLVEMENT

The Public Participation and Petitions Unit of the Legislature mobilised communities from the three districts to attend the public hearing.

The Committee explained to members of the public that the Legislature seeks input and opinion on the legislation at hand from specific stakeholders and communities in the Province. It was emphasised that the inputs by stakeholders and communities are very important to the Legislature.

The public was provided with a thorough overview on the Bill.

During the public hearing, the Committee interacted with Members of the public in the local languages spoken.

The stakeholders, who were present at the public hearing unanimously supported the Bill.

10. OBSERVATIONS AND FINDINGS MADE BY THE COMMITTEE

The Committee made the following observation and findings:

- 10.1. Over the MTEF, SANRAL is allocated **R3 300 000 000.00** for the upgrading of Moloto Road.
- 10.2. The Committee raised a concern that the budget appropriated for the National Health Insurance is not adequate.
- 10.3. The allocation for the Sanitary Dignity Project is appreciated.
- 10.4. Oral submissions that were made by the public were considered accordingly. Other submissions that do not talk to the content of the Bill will be referred to the Select Committee on Public Participation and Petitions, provincial departments, local municipalities and other relevant structures where necessary.
- 10.5. Members of the public were unanimously in support of the Bill.

11. RECOMMENDATIONS

The Committee supports the Bill and made the following recommendations:

- 11.1. The NCOP is requested to make a follow-up on the development of the Moloto corridor.
- 11.2. The National Treasury must consider increasing the allocation for the National Health Insurance fund.
- 11.3. **The Committee recommends that the House adopts the report and confer on the delegation representing the Province of Mpumalanga in the National Council of Provinces (NCOP) the authority and mandate to vote in favour of the Division of Revenue Bill [B5 – 2019].**

12. RESPONSES BY NATIONAL TREASURY ON COMMITTEE'S RECOMMENDATIONS

The National Treasury responded to the Committee's recommendations as follows:

- The "Moloto Road" runs through 3 provinces. Limpopo and Mpumalanga have transferred their portions of the road to SANRAL. Gauteng has not yet transferred its portion. R3.3 billion has been allocated to SANRAL to upgrade and improve safety on the road (R1.7 billion in 2019/20, R785 million in 2020/21 and R844 million in 2021/22). SANRAL is already doing routine road maintenance on the portions transferred to them. The upgrades are in the design stage and will be implemented over the MTEF.
- National Treasury will continue to work with the national Department of Health to ensure that the different health grants are appropriately funded to best respond to the challenges in the health system, including preparing for National Health Insurance (NHI). In the 2019 MTEF, funds have been shifted from the National Health Insurance Indirect Grant to create the new Human Resource Capacitation Grant that will fund the appointment of more doctors and nurses (which is also vital for NHI).
- Progress on preparations for NHI is also being made in other areas including:
 - The NHI Bill has been discussed in Cabinet and will soon enter the Parliamentary process. Following passage of the Bill, the NHI Fund will be established. An amount of R46 million is budgeted for the interim NHI Fund and committee structures (in the national department).
 - The NHI Indirect Grant rises from R2.5 billion to R3.3 billion over the MTEF. Within this the Personal services component will fund amongst other GP capitation pilots with general practitioners.
 - The Non-Personal components of the National Health Insurance Indirect Grant, amongst others, funds the centralized chronic medicines dispensing and distribution (CCMDD) programme (which is delivering medicines for around 1.5 million people in many cases via neighbourhood pharmacies) and develop and roll-out new health information systems in preparation for NHI .

13. CONCLUSION

The Chairperson, Hon FV Mlombo, extends his appreciation to Members of the Committee, the NCOP Permanent Delegate, and the National Treasury for their active participation, input and contributions during the deliberations on the **Division of Revenue Bill [B5 - 2019]** as well as the support staff for contributing to the production of this report.



HON FV MLOMBO (MPL)

**CHAIRPERSON: PORTFOLIO COMMITTEE ON
PREMIER'S OFFICE; FINANCE;
ECONOMIC DEVELOPMENT AND TOURISM**

26.03.2019

DATE