

REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM ON THE DIVISION OF REVENUE AMENDMENT BILL [B24-2017]

1. INTRODUCTION

The Speaker of the Legislature referred the Division of Revenue Amendment Bill [B 24-2017] 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.

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 amend the Division of Revenue Act, 2017, in accordance with the Money Bills Amendment Procedure and Related Matters Act, 2009, 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 15 November 2017 in the precinct of the Legislature.

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 2017 Division of Revenue Amendment Bill was introduced by the Minister of Finance on the 25 October 2017 during his 2017 Medium Term Budget Policy Statement (MTBPS) in compliance with the requirements of the Constitution and the Money Bills Amendment Procedure and Related Matters Act, 2009;
- The 2017 Division of Revenue Amendment Bill provides for the changes to Provincial allocations, changes to Local Government allocations and changes to Gazetted frameworks and allocations.

i. Changes to provincial allocations

- The National Health Insurance Indirect Grant for Mpumalanga of **R78 253 000.00** in 2017/18, has been adjusted by **R19 453 000.00** to **R97 706 000.00** specifically for the Health Professionals Contract Component.
- Due to the Malaria outbreak in April and May 2017 and the increase in the number of malaria cases in terms of deaths, Mpumalanga received an amount of **R8 032 000.00** for the comprehensive HIV, AIDS and TB grant. This grant is ring fenced in the Comprehensive HIV/ AIDS and TB grant. This is the only adjustment in the Mpumalanga allocation.
- Should the cost of the intervention exceed the amount earmarked; the province may not fund any shortfall from out of this conditional grant.
- On the Health Professions Training and Development Grant & National Tertiary Services Grant, the due date for submission of the list of specialists paid from the provincial equitable share and these grants is corrected to **30 November 2017**, instead of it being 28 February and 31 March 2017.
- The Change on the National Health Insurance Indirect Grant: Health Professionals Contracting Component is that the duplication of a requirement for the National Department of Health and National Treasury to discuss funding for a review is removed.

ii. Changes to Local Government Allocations

- The allocation for the bucket eradication programme grant is increased by an amount of **R265 000 000.00** to allow the Department of Water and Sanitation to continue bucket eradication projects that the department had already.

iii. Changes to gazette frameworks and allocations

There are proposed changes to the following grant frameworks:

- Comprehensive HIV, AIDS and TB grant
- Health Professions Development and Training Grant
- National Health Insurance Indirect Grant: Health Professionals Contracting Component
- National Health Insurance Indirect Grant: Ideal Clinics Component
- National Tertiary Services Grant
- Substance Abuse Treatment Grant

5. PRESENTATION BY THE NATIONAL TREASURY

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

i. Adjustments to provincial conditional grants

Addition to the comprehensive HIV, AIDS and TB grant:

- **R19 800 000.00** will be added to comprehensive HIV, AIDS and TB grant for Limpopo and Mpumalanga in order to support the national response programme and arrest the recent malaria outbreak.
- Mpumalanga received an amount of **R8 032 000.00** for the comprehensive HIV, AIDS and TB grant.
- Monthly malaria cases have substantially increased and the intervention will see an intensification of support for provincial prevention efforts.

MPUMALANGA			
Description	Main appropriation: 2017/18	Total: 2017/18 Adjustments	National adjusted appropriation: 2017/18

	R'000	R'000	R'000
EQUITABLE SHARE	36 081 680	-	36 081 680
CONDITIONAL GRANTS:	7 182 540	8 032	7 190 572
Agriculture, Forestry and Fisheries	214 268	-	214 268
Comprehensive Agricultural Support Programme Grant	155 447	-	155 447
Ilima/Letsema Projects Grant	52 213	-	52 213
Land Care Programme Grant: Poverty Relief and Infrastructure Development	6 608	-	6 608
Arts and Culture	162 777	-	162 777
Community Library Services Grant	162 777	-	162 777
Basic Education	1 437 996	-	1 437 996
Education Infrastructure Grant	750 184	-	750 184
HIV and AIDS (Life Skills Education) Grant	20 102	-	20 102
Learners With Profound Intellectual Disabilities Grant	12 883	-	12 883
Maths, Science and Technology Grant	39 756	-	39 756
National School Nutrition Programme Grant	615 071	-	615 071
Cooperative Governance and Traditional Affairs	-	-	-
Provincial Disaster Grant	-	-	-
Health	1 731 807	8 032	1 739 839
Comprehensive HIV, AIDS and TB Grant	1 188 073	8 032	1 196 105
Health Facility Revitalisation Grant	325 617	-	325 617
Health Professions Training and Development Grant	108 014	-	108 014
Human Papillomavirus Vaccine Grant	-	-	-
National Tertiary Services Grant	110 103	-	110 103
Human Settlements	1 395 774	-	1 395 774
Human Settlements Development Grant	1 395 774	-	1 395 774
Public Works	109 616	-	109 616
Expanded Public Works Programme Integrated Grant for Provinces	34 436	-	34 436
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	75 180	-	75 180
Social Development	40 747	-	40 747
Early Childhood Development Grant	25 799	-	25 799
Subsidy Component	20 417	-	20 417
Maintenance Component	5 382	-	5 382
Social Worker Employment Grant	14 948	-	14 948
Substance Abuse Treatment Grant	-	-	-
Sport and Recreation South Africa	46 352	-	46 352
Mass Participation and Sport Development Grant	46 352	-	46 352
Transport	2 043 203	-	2 043 203
Provincial Roads Maintenance Grant	1 461 269	-	1 461 269
Public Transport Operations Grant	581 934	-	581 934
TOTAL: ADJUSTED NATIONAL TRANSFERS	43 264 220	8 032	43 272 252

ii. Adjustments to Local Government Conditional Grants

There are no changes in allocations for local government conditional grants in the Mpumalanga province.

6. INPUTS BY THE LEGISLATURE LEGAL TEAM

- The Legal Advisor reported that the Bill conforms to the constitutional requirements and that the Legislature has a mandate to process the Bill.
- The Legal Advisor raised a concern on the limited timeframes that have been allocated to provinces to process the Bill, particularly in light of section 118 of the Constitution and

latest case law which place an obligation on legislatures to facilitate reasonable public involvement in the legislative and other processes of the legislature.

7. DELIBERATIONS BY THE COMMITTEE

- The Committee appreciated the **R8 032 000.00** allocated to the Comprehensive HIV, AIDS and TB grant in order to support the national response programme and arrest the recent malaria outbreak.
- The Committee enquired on why the malaria grant was clustered with the HIV / AIDS grant and whether this will not result in the provincial Department of Health prioritising HIV/ AIDS instead of Malaria. The National Treasury reported that the grant was clustered with the HIV, AIDS and TB grant because it fitted the definition of the grant. Furthermore, the National Treasury reported that the grant was ring-fenced to be used for its intended purpose.
- The Committee noted that there are no changes in allocations for local government conditional grants in the province and enquired whether this was because municipalities were not spending on the conditional grants.
- A plea was made with the NCOP Permanent delegate to address the issue of limited timeframes for Provinces to process money Bills.
- The Committee requested the National Treasury to provide more information on the **R265 000 000.00** allocated for the bucket eradication system. The National Treasury clarified that projects in the Mpumalanga province were not identified to benefit from this amount.

8. PUBLIC INVOLVEMENT

The Public Participation and Petitions Unit of the Legislature mobilised communities in all three districts of the Province to attend the public hearing. The following areas were mobilised to attend the public hearing:

- Matsulu, Mbombela Local Municipality [Ehlanzeni District]
- Carolina and Elukwatini, Chief Albert Luthuli Local Municipality [Gert Sibande District]
- Belfast, eMakhazeni Local Municipality and Middelburg, Steve Tshwete Local Municipality [Nkangala District Municipality]
- Radio interviews were held on the Bill on Ligwalagwala and Ikwekwezi radio stations

The Committee explained to members of the public that the Legislature seeks input and opinion on the Bill 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 and it was explained in the local languages spoken in the province.

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

The stakeholders, who were present at the public hearing, generally supported the Bill. The following points were raised by members of the Public:

- An appreciation of the addition allocated to the HIV, AIDS and TB grant in order to support the national response programme and arrest the recent malaria outbreak;
- A concern was raised on the increase of substance abuse in the province. A community member suggested that a part of the budget allocated to arrest the malaria outbreak be used to fight abuse of substances;
- Community members requested that the budget allocated to the Department of Health be increased so the department can do more on HIV / AIDS and cancer awareness workshops.
- Community members enquired whether the Health Professional and Development Grant also include the skill development of home-based care givers and lay councillors;
- An enquiry on how members of the public can benefit from the HIV, AIDS and TB grant.
- A concern was raised that the budget allocated to the school feeding scheme was not sufficient because food was not enough in schools.
- A concern was raised that the EPWP grant needs to be increased.

No written comments were received emanating from the advertisement in the Sowetan newspaper.

The Committee committed itself to refer other important matters raised at the public hearing to the Select Committee on Public Participation and Petitions, provincial departments, local municipalities and other relevant structures where necessary.

9. FINDINGS BY THE COMMITTEE

The Committee made the following findings:

- a) The timeframe allocated to provinces to process money Bills is often too limited.
- b) During the public hearing process, members of the community supported the Bill and that it should be passed as an Act.

10. RECOMMENDATIONS

The Committee supports the Bill and made the following recommendations:

- a) The NCOP must ensure that provinces are allocated sufficient time, at least 6 weeks, to process Section 76 Bills.
- b) The delegation representing the Province of Mpumalanga in the National Council of Provinces (NCOP) is conferred with authority and mandated to vote in favour of the Division of Revenue Amendment Bill [B24 – 2017] with no amendments, taking into account the inputs and observations noted in this Committee report.

11. CONCLUSION

The Chairperson 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 Amendment Bill [B24 - 2017]** 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 TOURIS**

16 - 11 - 2017

DATE

