



MPUMALANGA PROVINCIAL LEGISLATURE

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FINAL MANDATE

To: Hon TR Modise
The Chairperson of the National
Council of Provinces (NCOP)

Name of the Bill: Division of Revenue Amendment Bill

Number of the Bill: [B15-2016]

Date of Deliberation: 29 November 2016

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 Bill.

BT Shongwe,
SIGNATURE

29.11.2016
DATE

HON BT SHONGWE (MPL)
SPEAKER: MPUMALANGA PROVINCIAL LEGISLATURE

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REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM ON THE DIVISION OF REVENUE AMENDMENT BILL [B15-2016]

1. INTRODUCTION

The Speaker of the Legislature referred the Division of Revenue Amendment Bill [B 15-2016] 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, 2016, 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 determined that public input should be solicited on the Bill and a public hearing was conducted on 24 November 2016 in the precinct of the Legislature.
- b) The Committee met immediately after the public involvement on the 24 November 2016 to consider the Negotiation Mandate.
- c) On the 29 November 2016 the Committee had a meeting to consider the final mandate and conferred the NCOP Permanent delegates to vote in favour of the bill.
- d) The Committee considered and adopted the Committee report on the Division of Revenue Amendment Bill, 2016 on 01 December 2016.

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 2016 Division of Revenue Amendment Bill was introduced by the Minister of Finance on 26 October 2016 during his 2016 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 2016 Division of Revenue Amendment Bill provides for the changes to Provincial allocations, changes to Local Government allocations and changes to Gazetted frameworks and allocations.

Changes to provincial allocations

- An amount of **R212 000 000** will be added to a new indirect component of the Comprehensive Agriculture Support Programme to enable the National Department of Agriculture Forestry and Fisheries to provide relief to farmers affected by the ongoing drought.
- These funds will be used to provide relief mainly in the form of animal fodder. Out of this amount, Mpumalanga will receive **R26 000 000.00**
- An amount of **R53 600 000.00** is added to the National School Nutrition Programme grant to cover shortfalls due to high food prices. Mpumalanga will receive **R6 400 000.00** of this funds.

Changes to Local Government Allocations

- The allocation for the bucket eradication programme grant is increased by **R72 000 000.00** to allow the Department of Water and Sanitation to complete bucket eradication projects that the department had already identified and committed to implementing.

Changes to gazetted frameworks and allocations

There are proposed changes to the following grant frameworks:

- Comprehensive Agriculture Support Programme Framework;
- National Health Grant Framework
- Municipal Infrastructure 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:

Mpumalanga Adjusted Allocations as contained in the Bill are as reflected on the Table below:

MPUMALANGA 2016/17 ADJUSTED ALLOCATION	Main appropriation: 2016/17	Total: 2016/17 Adjustments	Revised adjusted appropriation: 2016/17
	R'000	R'000	R'000
EQUITABLE SHARE	33 449 947	-	33 449 947
CONDITIONAL GRANTS:	6 986 692	4 139	6 990 731
Agriculture, Forestry and Fisheries	227 768	-	227 768
Comprehensive Agricultural Support Programme Grant	172 414	-	172 414
Ilima/Letsamea Projects Grant	49 136	-	49 136
Land Care Programme Grant: Poverty Relief and Infrastructure Development	6 208	-	6 208
Arts and Culture	155 289	-	155 289
Community Library Services Grant	155 289	-	155 289
Basic Education	1 423 433	6 439	1 429 672
Education Infrastructure Grant	788 153	-	788 153
HIV and AIDS (Life Skills Education) Grant	18 798	-	18 798
Maths, Science and Technology Grant	41 639	-	41 639
National School Nutrition Programme Grant	574 843	6 439	581 282
Cooperative Governance and Traditional Affairs	-	-	-
Provincial Disaster Grant	-	-	-
Health	1 526 018	-	1 526 018
Comprehensive HIV, AIDS and TB Grant	1 032 055	-	1 032 055
Health Facility Revitalisation Grant	281 174	-	281 174
Health Professions Training and Development Grant	101 648	-	101 648
National Tertiary Services Grant	103 597	-	103 597
National Health Insurance Grant	7 548	-	7 548
Human Settlements	1 314 645	-	1 314 645
Human Settlements Development Grant	1 314 645	-	1 314 645
Public Works	102 409	-	102 409
Expanded Public Works Programme Integrated Grant for Provinces	42 855	-	42 855
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	59 554	-	59 554
Social Development	-	-	-
Substance Abuse Treatment Grant	-	-	-
Sport and Recreation South Africa	49 043	(2 300)	46 743
Mass Participation and Sport Development Grant	49 043	(2 300)	46 743
Transport	2 187 997	-	2 187 997
Provincial Roads Maintenance Grant	1 638 865	-	1 638 865
Public Transport Operations Grant	549 132	-	549 132
TOTAL: ADJUSTED NATIONAL TRANSFERS	40 436 539	4 139	40 440 678

Indirect conditional grants adjustments

The table below outlines the indirect conditional grants adjustments for the province:

MPUMALANGA	main appropriation: 2016/17	Total: 2016/17 Adjustments	National adjusted appropriation: 2016/17
Indirect Conditional grants:	R'000	R'000	R'000
Agriculture, Forestry and Fisheries	-	26 000	26 000
Comprehensive Agricultural Support Programme Grant	-	26 000	26 000
Health	10 055	(503)	9 552
<i>of which</i>			
National Health Indirect grant insurance Grant	10 055	(503)	9 552
Human Papillaminovirus vaccine grant component			
TOTAL	10 055	26 497	36 552

Comprehensive agriculture support programme framework

- The framework is amended by the deletion of the phrase: “The comprehensive agriculture support programme will be top-sliced by R60 million over the 2016 MTEF (R10 million 2016/17, R20 million 2017/18 and R30 million 2018/19) in order for the Department of Agriculture, Forestry and Fisheries to provide an oversight and monitoring function for the grant”
- This top-slicing has already taken place (the funds are no longer part of the grant, they are on the department’s vote)
- Furthermore the grant framework will be adjusted to include rules for the indirect component for the R212 million drought relief allocation. DAFF will be required to prepare a business plan on how the funds will be spent and to consult the National Disaster Management Centre and each provincial department responsible for agriculture before these funds can be spent.

National health insurance grant framework

This framework is amended to provide conditions for the diagnosis related groups (DRG) project additions to this grant.

Reprioritisation within the national health insurance indirect grant components

Within the national health insurance indirect grant, R10 million has been reprioritised from the Human Papillomavirus (HPV) vaccination grant component towards the health professionals contracting component as the HPV vaccination grant component is currently underspending while the latter component faces expenditure pressures. Changes to reflect this shift are captured in the allocation annexure of the national health insurance indirect grant.

6. INPUTS MADE BY PROVINCIAL TREASURY

The Provincial Treasury made the following inputs on the Bill:

- The Provincial Treasury acknowledged the budget allocated for the drought release programme and reported that this budget was allocated to the Department of Agriculture, Rural Development, Land and Environmental Affairs;
- The Provincial Treasury clarified the Committee that the reduction of the Mass Participation and Sport Development grant was not as a result of an under spending by the Province. However, this was a correction by the National Treasury.
- The Provincial Treasury acknowledged the budget allocated for the School Nutrition Programme and reported that this budget was transferred to the Department of Education.

7. DELIBERATIONS BY THE COMMITTEE

- The Committee raised a concern on the reduction of the amount allocated to the Mass Participation and Sport Development Grant;
- An appreciation was made on the addition to the School Nutrition allocation that was received by the province.

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]
- Barberton, Mbombela Local Municipality [Ehlanzeni District]
- Carolina and Elukwatini, Chief Albert Luthuli Local Municipality [Gert Sibande District]
- Belfast, eMakhazeni Local Municipality [Nkangala District Municipality]

The Committee explained 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 and that it will be conveyed to the relevant principals.

The public was provided with a thorough overview on the Bill; and the delegation from Provincial Treasury assisted the committee at the public hearing.

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, generally supported the Bill. The following points were raised by members of the Public:

- An appreciation of the addition allocated to the School Nutrition Programme was made;
- Members of the public raised a concern on the reduction that was made on the Mass Participation and Sport Development Grant;

- A concern was raised on the increase of substance abuse in the province. Members of the public raised a concern that there was no budget allocated for construction of rehabilitation centres in the locations;
- Members of the public raised a concern on the road infrastructure that is in the province;
- The public requested the Legislature to intensify its monitoring and oversight role on government departments.
- SALGA Mpumalanga appreciated the budget that has been allocated for the development of local municipalities.

No written comments were received emanating from the advertisements in newspapers.

The public present agreed unanimously that the Bill should be passed as an Act.

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. RECOMMENDATION

The Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism after considering the Bill, request the House to adopt the Committee report and confers on the permanent delegate representing the Province of Mpumalanga in the NCOP to vote in favour of the Bill, without any amendments.

10. CONCLUSION

The Chairperson extends his appreciation to Members of the Committee, the Provincial Treasury for their active participation, input and contributions during the deliberations on the **Division of Revenue Amendment Bill [B15-2016]** 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

01.12.2016

DATE