



EASTERNGAPE PROVINCIAL LEGISLATURE

FINANCE PORTFOLIO COMMITTEE

Fax: 0867344889

Date: 02 MAY 2017

Cell: 072 2047466

E-mail: smqikela@ecleg.gov.za Reference: Division of Revenue Bill



NEGOTIATING MANDATE

To : The Chairperson
 Select Committee on Appropriations

Name of Bill: DIVISION OF REVENUE BILL

Number of Bill: [B4-2017]

Date of Deliberation 02 MAY 2017

Vote of the Legislature

The Province votes in favour of the Bill and mandates the Eastern Cape delegate to the NCOP to negotiate in favour of the Bill.

However, the following inputs and concerns were raised:

- (a) The districts accepted the Bill although they are not happy about the way the revenue is allocated to municipalities. The district municipalities are again calling for the Formula for allocation to be reviewed as the Eastern Cape keeps getting a low share due to the movement of its population to other Provinces. The issue of census which was done in 2010 should not be considered as relevant to allocate funding as the period is too long and the fact that in-between, the Departments rely on community surveys of which those surveys are not accurate because these are not as detailed as census.
- (b) The historical background, poverty and vastness need to be considered when allocating funds to municipalities especially in the Eastern Cape Province. The

unfair distribution of revenue results in dissatisfaction and hampering of service delivery leading to public discontent.

- (c) The districts are happy about the additional grants such as the Social Development grant on Early Childhood Development and the Education grant for learners with learning barriers but these need to be strictly monitored to guard against double dipping. The Social workers grant is also welcomed to employ some of the unemployed graduates but districts are proposing a grant be provided to improve the current working conditions of social workers as professionals. (Entry level social workers is the lowest as compared to other professionals in the public service).
- (d) In the 2018/19 Division of Revenue, the districts kindly request a grant for the building of dams due to the fact that the Eastern Cape is always faced with droughts.
- (e) The current allocation is not enough to cater for maintenance of old infrastructure such as roads, the distribution of electricity and water to rural areas and farms. Sarah Baartman District Municipality has 14000 kilometres of roads that are in a very bad state and need to be regularly maintained as the citrus producing industry is situated in this area. Well maintained roads will boost economic expansion.

This area also boasts 16% of the national milk production; however it is a challenge to deliver due to the poor state of the roads.
- (f) The municipalities also expressed concern regarding the municipalities that were merged or amalgamated having their own budget and now after this process funds are allocated to one municipality and is not enough. The current funding of the amalgamated municipalities must be reviewed.
- (g) The non-allocation of the Municipal Infrastructure Grant (MIG) for Sarah Baartman has hampered service delivery as the District Municipality is the biggest and some Local Municipalities have infrastructure challenges. The municipality is asking that this grant be re-instated.
- (h) Municipalities in the Sarah Baartman district are prone to veld fires and are requesting additional budget as they have a challenge of paying fire fighters and insurance claims.
- (i) The rectification of poorly built houses by the Department of Human Settlements costs municipalities huge amounts of money as the budget allocated does not make it possible to do the rectification.
- (j) The issue of municipalities in poor rural areas that are not able to generate their own revenue in order to be self-sustainable needs to be looked at. A new strategy that involves ESKOM allocating their own employees to each

municipality will also assist municipalities in terms of ensuring those households and businesses that are able to pay for municipal services and electricity actually do so. The Department of Corporative Governance and Traditional Affairs and the South African Local Government Association should lead in facilitating a memorandum of understanding with Eskom to help municipalities collect revenue.

- (k) The issue of provincial and local spheres' financial year beginning or ending also needs to be re-looked at as there are funds that arrive at municipalities just three month to the end of the financial year of the municipalities.
- (l) The Provincial Transport Operations Grant is not funding Mayibuye and AB350 bus companies but only funds Algoa Bus company. These bus companies are funded from the provincial equitable share due to the need for public transport. The subsidy should be extended to Mayibuye and AB350 in line with the rural development as one of the priorities of government.
- (m) There should be a focus on national conditional grant funding or funding for higher education qualifications or alternatively, a specialised FET within the agriculture sector taking into account the emphasis on agriculture development in the Eastern Cape Province.


HON. XNQATHA (MPL)
CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON FINANCE

02/05/17
DATE

