1705035ecapprop

MPUMALANGA
PROVINCIAL LEGISLATURE

Office of the Chairperson

Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism

Enquiries: Hon FV Mlombo

Tel. No: 013 766 1040/ 1378

NEGOTIATING MANDATE

To	:	The Chairperson: Select Committee on Appropriations
Name of the Bill	:	Division of Revenue Bill
Number of the Bill	:	[B4 – 2017]
Date of Deliberation	:	02 May 2017
Vote of the Legislature	:	

The Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism (the Committee) supports the Division of Revenue Bill [B4-2017], and confers on the permanent delegate representing the Province of Mpumalanga in the National Council of Provinces, the mandate to vote in favour of the Bill.

02.05.2017

HON FV MLOMBO (MPL) **DATE**

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

REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM ON THE DIVISION OF REVENUE BILL [B4-2017]

1. INTRODUCTION

The Speaker referred the **Division of Revenue Bill [B4-2017]** (the Bill) to **the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism** (the Committee) for consideration and report back to the House in accordance with Rule 201 of the Rules and Orders of the Mpumalanga Provincial Legislature, 2013 edition.

The Legislature has a mandate to consider, pass, amend and reject any bill before it as per Section 114 of the Constitution of the Republic of South Africa, 1996 (Act. No. 108 of 1996) (the Constitution). It is also required in terms of Section 118(1) of the Constitution, to facilitate public involvement in the Legislative and other processes of the Legislature and its Committees. Therefore, the Committee was required to conduct a public hearing to solicit inputs or views of the public on the above-mentioned Bill and to report back to the House.

2. OBJECTIVES OF THE BILL

The objectives of this Bill are to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2017/18 financial year, the determination of each province's equitable share and allocation 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.

Section 214(1) of the Constitution requires an Act of Parliament to provide for:

a) The equitable division of revenue raised nationally among the national, provincial and local spheres of government;

b) The determination of each province's equitable share of the provincial share of that revenue; and

c) Any other allocations to provinces, local government or municipalities from the national government's share of that revenue, and any conditions on which those allocations may be made.

3. METHOD OF WORK

The Committee interacted on the Bill as follows:

a) The National Council of Provinces (NCOP) Permanent Delegate, Hon F Essack, Ms D Ubogu and Mr M Ngobeni from the Intergovernmental Relations Branch from National Treasury briefed the Committee on the Bill on 30 March 2017.

   The South African Local Government Association (SALGA) in Mpumalanga and the Mpumalanga House of Traditional Leaders were invited to the meeting; however, they were not present at the briefing. The Committee determined that public input should be solicited on the Bill and a public hearing was conducted on 30 March 2017 in the Legislature precinct.

b) The Committee met on 02 May 2017 to consider the draft Committee Report on the Bill; and to finalise the Negotiating Mandate on the Bill.

4. BRIEFING ON THE BILL

4.1. Presentation by the NCOP Permanent Delegate, Hon F Essack

The NCOP Permanent Delegate made, in summary, the following remarks:

i. The Bill was introduced by the Minister of Finance on 22 February 2017 during his Budget Policy Statement; and is in compliance with the requirements of the Constitution and the Money Bills Amendment Procedure and Related Matters Act, 2009.

ii. Since the Bill includes provisions affecting the financial interests of the provincial sphere of government as contemplated in section 76(4)(b) of the Constitution, the Bill is therefore dealt with in accordance with the procedure envisaged by section 76(1) of the Constitution.

iii. The 2017 budget is formulated against the backdrop of an economy that is experiencing low growth and which is vulnerable to external and global factors.

iv. Low fragile growth is making it difficult to address the triple challenges of high social ills: (unemployment, poverty and inequality).

4.2. Presentation by National Treasury

The delegation from National Treasury, namely, Ms D Ubogu – Director and Mr M Ngobeni, Senior Economist, briefed the Committee on the Bill.

4.2.1. In the presentation made to the Committee the following were highlighted for the 2017/18 financial year:

a. There are reductions for fiscal consolidation and reprioritisations for other priorities; namely R1.6 billion from the provincial equitable share, R4 billion from provincial grants and R2.5 billion from Local Government grants.
b. Additions are effected to ensure provinces and municipalities can serve growing populations; namely R7.3 billion to the provincial equitable share (mainly for education and health), R5.1 billion for the local government equitable share (for basic services, including a R1.8 billion provisional provision), R390 million added to the National School Nutrition Programme grant and R1 billion to the Integrated National Electrification Programme grant.
c. It was reported that the 2017 MTEF allocations for provinces grow at an average annual rate of 7.5% and allocations to local government grow at 8.6%.
d. Local government receives 9.1% of the budget, national departments 47.5% and provinces 43.4%.
e. The Division of Revenue is presented at the level of the 'Main Budget' and does not reflect the substantial own revenue raised by municipalities and smaller provincial own revenue. If these are included, local government accounts for about a quarter of the revenue raised by the three spheres.
f. The division of revenue achieves a substantial redistribution of revenue raised through taxes in relatively wealthy (mainly urban) areas where demand for subsidised public

services is the highest. As a result, the most rural municipalities receive twice the allocation per household that is transferred to metros (although 70% of tax revenue is raised in metros).

g. In order to prioritise available funds for service delivery, provinces and municipalities must continue to improve efficiency and reduce non-core spending. It was noted that provinces are making progress on a number of areas, including the control of employees appointed in non-frontline services and improving on own revenue collection.

h. Efforts to improve municipal financial management will focus on four 'game changers', namely:
    i. The new Municipal Standard Chart of Accounts, which will be implemented from 1 July 2017;
    ii. Improved supply chain management;
    iii. Improved revenue management (municipalities must set and collect cost-reflective tariffs); and
    iv. Improved asset management (for example municipalities must spend at least 8% of the value of their assets on maintenance).

i. It was indicated that although a large part of the bill remains the same annually; however, revisions for 2017 include, inter alia, the following:
    i. Clause 21(1) is changed to make it easier for indirect allocations to be converted to direct transfers in-year – which will make it easier for provinces to complete projects.
    ii. A new sub-clause is added to clause 35 that allows a transferring officer to delegate their powers and responsibilities once the Bill becomes an Act – this is intended to make grant management easier for national departments.

j. A few technical changes were effected to the Bill, inter alia the following:
    i. A definition of 'integration zones' is included.
    ii. Providing for implications of the time between enactment of the Act and the start of the municipal financial year on the timeframes for approval of business plans.
    iii. Reducing reporting requirements by no longer requiring the submission of draft capacity reports.

4.2.2. Provincial allocations

Mpumalanga province will receive R36 billion in equitable share and R7.1 billion in conditional grants. Amendments to the equitable share in the 2017/18 financial year include a baseline reduction of R500 million in 2017/18; and reductions of R1.6 billion over the MTEF baseline.

Changes to the conditional grants in 2017/18 include the following:

a. There is a baseline reduction of R3.9 billion on direct grants but an addition of R2.6 billion on indirect grants.
b. An incentive component has been implemented within the Provincial Roads Maintenance grant to improve performance.
c. The National School Nutrition Programme benefits from an additional R390 million to mitigate food price inflation and additional learners.
d. Three new grants have been effected, namely:
    i. Social Workers grant to reduce the backlog in access to social services and reduce the backlog in the number of social worker graduates that remain unemployed while the need for social work across the country continues to increase.
    ii. Early Childhood Development grant to increase the number of poor children that benefit from ECD services by subsidising these services as well as increasing the infrastructural conditions under which ECD is delivered to children in need.
    iii. Learners with Profound Intellectual Disabilities grant to improve educational access for learners with intellectual disabilities.
e. The Provincial Roads Maintenance grant, like the infrastructure grants in the health and education sectors, now includes a performance component that incentivises appropriate levels of roads maintenance. The aim of the incentive component is to reward provinces according to the improvements they are making in changing the conditions of their road networks.
f. The Provincial Equitable Share Formula for the 2017 MTEF was updated with data from the 2016 mid-year estimates, the 2016 School Realities Survey, the people without medical insurance from the 2015 General Household Survey and output data from the health sector. It was noted that the Provincial Equitable Share review will continue in 2017/18. Consultation is ongoing with sector and provincial departments (Treasuries) on inclusions and changes to the formula. The first round of recommendations is expected to be included in the 2018 Budget process.

g. The Mpumalanga province's equitable share allocation for the 2017 MTEF average weight is 8.1%, with the following allocations:

   i. Education – 8.4%
   ii. Health - 7.3%
   iii. Basic share – 7.7%
   iv. Poverty – 9.1%
   v. Economic activity – 7.5%
   vi. Institutional – 11.1%

Mpumalanga 2017 MTEF Provincial Conditional Grant allocations

Below are the 2017 MTEF Provincial Conditional Grant allocations:

Mpumalanga Conditional Grant Allocations	2017/18	2018/19	2019/20	2017 MTEF
R Thousands				
Total transfers to provinces	43 264 220	45 427 016	48 627 504	137 318 740
Provincial equitable share	36 081 680	38 488 633	41 214 353	115 784 666
Conditional grants	7 182 540	6 938 383	7 413 151	21 534 074
Agriculture, Forestry and Fisheries	214 268	228 129	256 984	699 381
Comprehensive Agricultural Support Programme Grant	155 447	162 907	187 902	506 256
Ilima/Letsema Projects Grant	52 213	58 242	61 504	171 959
Land Care Programme Grant: Poverty Relief and Infrastructure Development	6 608	6 980	7 578	21 166
Arts and Culture	162 777	171 804	181 167	515 748
Community Library Services Grant	162 777	171 804	181 167	515 748
Basic Education	1 437 996	1 526 470	1 612 275	4 576 742
Education Infrastructure Grant	750 184	782 861	826 701	2 359 747
HIV and AIDS (Life Skills Education) Grant	20 102	21 267	22 458	63 827
Learners With Profound Intellectual Disabilities Grant	12 883	31 322	37 285	81 490
Maths, Science and Technology Grant	39 756	39 984	42 243	121 983
National School Nutrition Programme Grant	615 071	651 036	683 588	1 949 695
Health	1 731 807	1 938 033	2 110 365	5 780 205
Comprehensive HIV, AIDS and TB Grant	1 188 073	1 349 924	1 489 344	4 027 341
Health Facility Revitalisation Grant	325 617	339 676	358 696	1 023 989
Health Professions Training and Development Grant	108 014	114 279	120 678	342 971
Human Papillomavirus Vaccine Grant	–	17 665	18 654	36 319
National Tertiary Services Grant	110 103	116 489	122 993	349 585
Human Settlements	1 395 774	1 464 882	1 539 184	4 399 840
Human Settlements Development Grant (HSDG)	1 395 774	1 464 882	1 539 184	4 399 840

R Thousands	2017/18	2018/19	2019/20	2017 MTEF
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	56 166	59 705	156 618
Early Childhood Development Grant	25 799	39 989	42 223	108 011
Subsidy Component	20 417	33 822	35 713	89 952
Maintenance Component	5 382	6 167	6 510	18 059
Social Worker Employment Grant	14 948	16 177	17 482	48 607
Substance Abuse Treatment Grant	–	–	–	–
Sport and Recreation South Africa	46 352	50 742	53 547	150 641
Mass Participation and Sport Development Grant	46 352	50 742	53 547	150 641
Transport	2 043 203	1 502 157	1 599 923	5 145 283
Provincial Roads Maintenance Grant	1 461 269	893 029	956 684	3 310 982
Public Transport Operations Grant	581 934	609 128	643 239	1 834 301
Allocations earmarked for flood repair:	55 326	–	–	55 326
The allocations above include the following earmarked for repair of flood damage:				
Comprehensive Agricultural Support Programme Grant	5 326	–	–	5 326
Education Infrastructure Grant	–	–	–	–
Health Facility Revitalisation Grant	–	–	–	–
Human Settlements Development Grant	–	–	–	–
Provincial Roads Maintenance Grant	50 000	–	–	50 000
HSDG allocations earmarked for mining towns:	133 830	110 960	97 090	341 880
The HSDG allocations include the following earmarked additions for mining towns:				
Emalahleni	79 159	62 364	64 568	196 091
Steve Tshwete	31 441	27 947	24 454	83 842
Thaba Chweu	23 230	20 649	18 068	61 947

The expenditure of Mpumalanga province on conditional grants was as follows as at 31 January 2017:

Mpumalanga Conditional Grant Spending as at 31 January 2017

R Thousands	Total available	Total Payments	% Spent
Agriculture, Forestry and Fisheries	227 758	173 496	76.18%
Comprehensive Agricultural Support Programme Grant	172 414	120 723	70.02%
Ilima/Letsema Projects Grant	49 136	48 905	99.53%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	6 208	3 868	62.31%
Arts and Culture	183 182	142 805	77.96%
Community Library Services Grant	183 182	142 805	77.96%
Basic Education	1 435 669	1 066 807	74.31%
Education Infrastructure Grant	792 655	551 583	69.59%
HIV and Aids (Life Skills Education) Grant	19 342	16 418	84.88%
Maths, Science and Technology	41 639	35 445	85.12%
National School Nutrition Programme Grant	582 033	463 361	79.61%
Cooperative Governance and Traditional Affairs	–	–	0.00%
Provincial Disaster Grant	–	–	0.00%
Health	1 547 202	1 338 209	86.49%
Comprehensive HIV and AIDS Grant	1 032 055	943 644	91.43%
Health Facility Revitalisation Grant	289 730	222 332	76.74%
Health Professions Training and Development Grant	101 646	85 464	84.08%
National Health Insurance Grant	9 320	5 393	57.86%
National Tertiary Services Grant	114 451	81 376	71.10%

R Thousands	Total available	Total Payments	% Spent
Human Settlements	1 314 645	817 339	62.17%
Human Settlements Development Grant (HSDG)	1 314 645	817 339	62.17%
Public Works	102 409	65 470	63.93%
Expanded Public Works Programme Integrated Grant for Provinces	42 855	23 775	55.48%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	59 554	41 695	70.01%
Social Development	–	–	–
Substance Abuse Treatment Grant	–	–	–
Sport and Recreation South Africa	46 743	42 267	90.42%
Mass Participation and Sport Development Grant	46 743	42 267	90.42%
Transport	2 187 997	1 647 746	75.31%
Provincial Roads Maintenance Grant	1 638 865	1 234 091	75.30%
Public Transport Operations Grant	549 132	413 655	75.33%

4.2.3. Local Government allocations

It was reported that municipalities raise substantial own revenue; and that on aggregate about 70% of municipal budgets are funded from own revenue. However, in poorer parts of the country municipalities depend more on transfers; and hence receive larger transfers per household.

It was noted that the new Local Government Equitable Share Formula that was introduced in 2013/14 following extensive consultation has been phased in over five years. Furthermore, that the formula is annually updated with cost data to account for price increases and estimates of household growth. As from 2018/19 the formula will be updated with the 2016 Community Survey data. It was reported that the value of the household subsidy for free basic services is updated annually to account for rising prices, including bulk water and electricity costs.

The number of households subsidised for free basic services in each municipality is updated annually to account for projected household growth. Over the 2017 MTEF the data has been updated to use the results of the 2016 Community Survey. The estimates of household numbers used in the Local Government Equitable Share Formula differed from the 2016 Community Survey by only 1017 households (0.006%) at the national level; however, there were larger variances in individual municipalities. In order to cushion the impact on municipalities whose population was revealed in the 2016 Community Survey to have grown more slowly than had been assumed in the Local Government Equitable Share Formula, the data updates will be phased in over three years. Every municipality will be guaranteed to receive at least 95% of their indicative allocation for 2017/18 that was published in the 2016 Division of Revenue Act.

i. Adjusting allocations to District Municipalities

District municipalities are allocated R4.8 billion through the RSC Levy Replacement grant in 2017/18 which is an unconditional transfer that replaces the own revenue source district municipalities used to collect. Its distribution reflects what municipalities used to collect and so perpetuates the inequities in the distribution of the tax base. A full review and reform of the funding model of district municipalities will follow the review of their functions being undertaken by the Department of Cooperative Governance. In the meantime a group of 13 district municipalities with the lowest allocations was identified – all received less than R40 million per year. Mpumalanga province does not have a municipality among the 13 district municipalities with the lowest allocations. Following a consultative process with provincial treasuries, SALGA and the FFC, the 2017 Division of Revenue Bill increases the growth in allocations to these 13 municipalities in 2017/18 and 2018/19. These increases are funded by reducing the growth rates of the 10 district municipalities with the largest allocations, namely R 158 – R315 million. Both the Nkangala and Gert Sibande district municipalities form part of the district municipalities with the top RSC Levy Replacement grant allocations for 2017/18.

ii. Updates on changes to Local Government grants as announced in the MTBPS

The 2016 MTBPS raised the possibility of incorporating the Integration of the National Electrification Programme (INEP) (municipal) allocations into the Urban Settlements Development grant in metros to facilitate more integration in the delivery of services. In their recommendations on the MTBPS, SeCOA recommended that, since planning was already at an advanced stage for 2017/18 INEP projects, it was not possible to implement this in 2017/18. Furthermore, that departments will continue working to implement this recommendation in 2017.

The Bucket Eradication Programme grant ends in 2016/17 and all remaining projects will be completed through existing grants. This bucket eradication programme only funds bucket eradication in formal areas (bucket eradication in informal settlements is funded as part of a broader informal settlement upgrading programme). In 2017/18 R385.6 million is allocated for bucket eradication projects in the Regional Bulk Infrastructure grant and the Water Services Infrastructure grant. Much of the outstanding work relates to upgrading bulk and reticulation sanitation systems which are routinely funded through these grants.

4.2.4. Mpumalanga Local Government Conditional Grant allocations for the 2017 MTEF

The Mpumalanga Local Government Conditional grants allocations for the 2017 MTEF are as per the table below:

Conditional Grant Allocations, 2017 MTEF

	2017/18 R'000	Forward Estimates	
		2018/19 R'000	2019/20 R'000
Infrastructure transfers to local government	3 458 382	3 519 337	4 130 567
Direct transfers	2 873 407	2 833 703	3 297 512
Municipal infrastructure	1 852 366	1 931 513	2 046 269
Water services infrastructure	416 000	300 000	360 000
Integrated national electrification programme	200 000	195 989	303 780
Public transport network	211 073	120 412	127 366
Neighbourhood development partnership	65 000	95 000	95 000
Regional bulk infrastructure	122 518	183 621	369 347
Rural roads asset management systems	6 831	7 168	7 570
Indirect transfers	584 975	685 634	833 586
Integrated national electrification programme	400 390	420 389	549 292
Neighbourhood development partnership	5 140	2 050	2 400
Regional bulk infrastructure	179 445	263 595	281 883
Capacity transfers and other current transfers	174 205	111 306	102 150
Direct transfers	162 804	94 940	101 150
Local government financial management	37 225	40 301	42 901
Expanded public works programme integrated grant for municipalities	69 513	-	-
Infrastructure skills development	28 500	30 639	32 249
Energy efficiency and demand-side management	23 000	24 000	26 000
Municipal demarcation transition	4 566	-	-
Indirect transfers	11 401	16 366	1 000
Municipal systems improvement	11 401	16 366	1 000
Total Mpumalanga municipalities	3 632 587	3 630 643	4 233 017

Source: Division of Revenue Bill 2017

4.2.5. Mpumalanga Local Government Equitable Share allocations for the 2017 MTEF

The Mpumalanga Local Government equitable share allocations for the 2017 MTEF is as per the below table:

Local Government Equitable Share Allocations, 2017 MTEF

	Code	Municipality	2017/18 R'000	Forward Estimates 2018/19 R'000	2019/20 R'000
MPUMALANGA					
B	MP301	Albert Luthuli	254 241	277 969	296 235
B	MP302	Msukaligwa	134 855	154 428	169 675
B	MP303	Mkhondo	186 451	209 114	226 372
B	MP304	Pixley Ka Seme	96 312	107 169	114 486
B	MP305	Lekwa	93 946	107 311	117 044
B	MP306	Dipaleseng	58 388	64 426	69 260
B	MP307	Govan Mbeki	218 181	256 160	286 526
C	DC30	Gert Sibande District Municipality	278 576	282 338	290 911
Total: Gert Sibande Municipalities			1 320 952	1 460 955	1 570 529
B	MP311	Victor Khanye	79 746	87 215	94 208
B	MP312	Emalahleni	288 802	326 821	362 607
B	MP313	Steve Tshwete	156 759	179 975	201 936
B	MP314	Emakhazeni	55 222	58 515	61 560
B	MP315	Thembisile Hani	338 477	363 536	385 423
B	MP316	Dr JS Moroka	328 528	344 913	358 572
C	DC31	Nkangala District Municipality	339 056	343 843	354 304
Total: Nkangala Municipalities			1 586 589	1 704 820	1 818 700
B	MP321	Thaba Chweu	124 393	132 815	140 835
B	MP324	Nkomazi	483 144	515 601	544 585
B	MP325	Bushbuckridge	683 632	719 537	750 699
B	MP326	City of Mbombela	608 076	662 052	712 545
C	DC32	Ehlanzeni District Municipality	229 690	238 711	246 531
Total: Ehlanzeni Municipalities			2 129 537	2 268 716	2 398 195
Total: Mpumalanga Municipalities			6 037 078	6 434 491	6 784 424

Source: Division of Revenue Bill 2017

- ***Acknowledgment:*** ***The reflection on the information provided by National Treasury to the Committee in this report is captured from National Treasury's presentation.***

The Committee noted the following:

i. Although the Bucket Eradication grant came to an end in 2016/17 it is envisaged that the remaining bucket eradication projects will be completed through the Regional Bulk Infrastructure grant and the Water Services Infrastructure grant. It was noted that informal settlements are emerging every day and the bucket system will exist until the issue of informal settlements, as a social challenge, is addressed.

ii. In order to ensure municipal assets are properly maintained and to shift the focus from only acquiring new assets, municipalities will have to improve on asset management and must spend 8% of the value of their assets on maintenance. To succeed in this endeavour will require an integrated approach from all stakeholders, but especially from the provincial government and the management and political administrations of municipalities.

iii. The newly implemented Social Workers grant is meant to address only the social development sector as per the aim of the grant. This grant is a top-up grant that will attend to the need for qualified social workers that was previously identified in provinces. Only social work graduates will be considered; and it is envisaged that approximately 870 qualified social workers will be deployed nationally in this regard.

iv. Clarity was given on how 'poorer municipalities' are defined. It was indicated that poorer municipalities are defined through their revenue raising ability, the number of poor households in the municipality; and the size of the population of a municipality.

v. A full review and reform of the funding model of district municipalities is undertaken by the Department of Cooperative Governance. It is an ongoing process which will ensure that powers and functions are properly allocated to district municipalities.

vi. Clarity was given on the adequacy of Local Government transfers to poorer municipalities and capacity building within these municipalities. It was indicated that the local government equitable share formula gives higher allocations to poor municipalities versus municipalities which are able to collect higher amounts of own revenue. This is because of the poorer municipalities' limited ability to raise own revenue to fund administration and community services costs. However, these transfers are sufficient for poorer municipalities to be able to run their affairs if it is utilised correctly. This is why efforts to improve municipal financial management will focus on the four 'game changers', which include improved supply chain management and improved revenue management where municipalities are assisted to set and collect cost-reflective tariffs.

5. PUBLIC HEARING

In order to adhere to Section 118(1) of the Constitution that mandates the Legislature to facilitate public involvement in the legislative and other processes of the Legislature and its Committees, the Committee resolved to conduct a public hearing and the latter was held on 30 March 2017.

5.1. Public Involvement

Invitations to the public hearing were extended to a broad segment of stakeholders. Invitations were extended to, among others, business sector, political parties, and provincial offices of the following institutions: Public Service Commission, South African Local Government Association, South African National Civic Organisation, Congress of South African Trade Unions, National Education Health and Allied Workers' Union, South African Medical Association, South African Democratic Nurses' Union, Democratic Nursing Organisation of South Africa, National Professional Teachers' Organisation of South Africa, Public Servants Association of South Africa, FEDUSA, Health and Other Service Personnel Trade Union of South Africa, National

Teachers' Trade Union, National African Chamber of Commerce and Industry, Provincial Offices of the Auditor-General and the Mpumalanga House of Traditional Leaders.

The Chairperson of the Committee appeared on a radio slot at SABC (Ligwalagwala) on 29 March 2017 whereby the content of the Bill and the reasons for conducting the public hearing were explained.

The Committee also made a call for attendance of the public hearing and to submit written submissions by using the Lowvelder (28 March 2017) and the Daily Sun (29 March 2017).

No written comments were received in respect of the advertisements in newspapers.

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:

- Thekwane, Mbombela Local Municipality [Ehlanzeni District]
- Marite, Bushbuckridge Local Municipality (Ehlanzeni District)
- Middelburg and Belfast, Steve Tshwete and Emakhazeni Local Municipalities [Nkangala District]
- Mpuluzi and Elukwatini, Albert Luthuli Local Municipality [Gert Sibande District]

During the public hearing the Committee Members conducting the public hearing 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 they will be considered and conveyed to the NCOP and National Government through the relevant channels.

The public was provided with a thorough overview on the Bill; and the Legal Section from Legislature and the Provincial Treasury assisted the Committee at the public hearing.

Comments by the Public

The input made by individuals representing the community and stakeholders took place in a very constructive and informative manner. The public agreed in general on the proposed objectives of the Bill and agreed unanimously that the Bill should be passed as an Act.

6. FINDING BY THE COMMITTEE

The Committee made the following finding:

6.1. In line with the 'game changers' principle and in order to ensure municipal assets are properly maintained and to shift the focus from only acquiring new assets, municipalities will have to improve on asset management and must spend 8% of the value of their assets on maintenance.

7. RECOMMENDATION BY THE COMMITTEE

The delegation representing the Province of Mpumalanga in the NCOP should focus on the following:

7.1. It must be ensured that municipal budgets funds the 8% equivalent of the value of their assets to maintenance; and furthermore, that the 8% must indeed be spent on the maintenance of assets.

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 Bill [B4-2017] without any proposed amendments, taking into account the input and observations noted in this report.

8. CONCLUSION

The Chairperson extends the Committee's gratitude to all invited stakeholders who took the time to meet with the Committee to interact on matters pertaining to the Bill. A word of appreciation