

UNREVISED HANDSARD

NATIONAL COUNCIL OF PROVINCES

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PROCEEDINGS OF THE NATIONAL COUNCIL OF PROVINCES

The Council met at 09:35.

The Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.

The CHAIRPERSON OF THE NCOP: Hon members, I have been informed that the Whippery has agreed that there will be no Notices of Motion or Motions Without Notice today except for the motion that is on the Order Paper.

The CHIEF WHIP OF THE NCOP: Thank you Madam Chair. I move that Rule 239(1), which provides *inter alia* that the consideration of a Bill may not commence before at least three working days have lapsed since the committee's report was tabled, be suspended for the purposes of consideration of the Division of Revenue Amendment Bill [B24-2017] (National Assembly-sec 76). Thank you, Chair.

Declarations of vote:

Ms C LABUSCHAGNE: Thank you very much Chair. Hon Chairperson, yesterday, 21 November 2017, the Select Committee on Finance considered the final mandates on the Division of Revenue Amendment Bill, DORA [B24-2017] to which the Western Cape conferred a final mandate to oppose the Bill.

Despite procedural concerns regarding the revised fiscal framework in both the NA and NCOP, there are also concerns about the timelines for public participation and the matters in various provinces' reports regarding their public hearings.

Further, the Western Cape requests that it be noted that yesterday was the last day in terms of section 12(11) of the Money Bills Amendment Procedure and Related Matters Act 9 of 2009, refer to Money Bills Act, that the NCOP may consider the DORA Bill since the Bill "must" to be reported to the NCOP 9 days after the consideration of the Revised Fiscal Framework. The Revised Fiscal Framework was considered on the 08 November 2017 in the NCOP.

Today, 22 November 2017, thus constitutes day 10 and the consideration thereof by the NCOP is illegal. This further means that after today the NCOP may not refer the Adjustments

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Appropriations Bill to the committees as per section 12(15) of the Money Bills Act. To interpret that the Act allows for this House to consider the DORA Bill after 9 days, while it uses the prescriptive wording "must" would be result in the purpose of the Act having been deserted. The Western Cape does not support this draft resolution and motion.

Mr T C MOTLASHUPING: Thanks hon Chairperson and hon members of this House. It is the considered view of the North West province that we support the Fiscal Framework and we support the budget as presented by Minister Malusi Gigaba.

There are three elements in the budget that pays special attention to fiscal consolidation that talk about austerity measures and last clean.

We are addressing the issue of debt ceiling; and these are critical issues that hon Minister spoke to and clarified that - and he was very honest and he said, he is presenting a very honest fiscal budget before the country; and he would not want to lie.

However, one thing that must be born in mind is that for quite a number of years we are expecting and we expect that there will be

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those who are not pro-poor, who would oppose a budget that would want people not to spend the money accordingly?

They do not believe in fiscal consolidation. They do not believe in austerity measures. They continue to refuse and distance themselves from everything that we present and they have never presented an alternative.

We are therefore saying as a pro-poor party the ANC, we support the Fiscal Framework. Thank you very much Chair. [Applause.]

The CHAIRPERSON OF THE NCOP: Hon members, I have a slide problem. My screen doesn't work so - your phones off please! I have a slide problem here. My screen is not working so I'm going to have to judge your time using a wrist watch here. I may be unfair to you. I hope not in your times because that is very dangerous I know.

Mr C J DE BEER: Hon Chairperson, thank you. The Select Committee for Appropriations stayed within the timeframe as stated in the Money Bills Act. The Select Committee on Finance tabled the report on the revised fiscal framework in this House on the specific date as was captured in the programme of the NCOP.

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The last select committee meeting of the Select Committee on Finance was when we dealt with the revised Fiscal Framework. So yesterday there was no Select Committee on Finance meeting, which being referred to. The Select Committee on Appropriation met yesterday.

However, I emphasise the following on section 12(11) that the committee on appropriations must out of the adoption of the Fiscal Framework report to the respective Houses under the Division of Revenue Amendment Bill, we reported on the Revised Fiscal Framework - the wording must be seemed to.

On the 14 November Chair the Division of Revenue Amendment Bill was referred to the Select Committee on Appropriations and today we will be tabling the report that is seven days after referral. Thank you, Chair. [Applause.]

Mr S G MTHIMUNYE: Thank you very much hon Chairperson. We as Mpumalanga we rise to confirm that we support the Bill. The Bill was accordingly referred to the Portfolio Committee on Premier's Office Finance Economic Development. We met on the 15th and 16th to receive a briefing on the Bill; and we met on the 16th to deal with the final mandate. We support the Bill as presented. Thank you.

[Applause.]

[TAKE IN FROM MINUTES.]

Voting:

Question put: That the motion be agreed to.

IN FAVOUR: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West.

AGAINST: Western Cape.

Motion accordingly agreed to in accordance with section 65 of the Constitution.

**CONSIDERATION OF DIVISION OF REVENUE AMENDMENT BILL AND REPORT OF
SELECT COMMITTEE ON APPROPRIATIONS THEREON**

Mr C J DE BEER: Hon Chairperson, hon members and special delegates, we have just experienced the attitude of some members in this House where national government, National Treasury and this august House deal with matters regarding the poor people in South Africa. Building an effective corruption free developmental state is imperative if we are to build more equal and more prosperous society. The Division of Revenue Amendment Bill was tabled in

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Parliament on 25 October 2017 by the Minister of Finance. The committee received the briefing on the Bill from the National Treasury and also have submissions during public hearings from SA Local Government Association, Salga, Financial and Fiscal Commission, FFC, and the Department of Co-operative Governance and Traditional Affairs and from the Rural Health Advocacy Project focusing on rural areas.

Changes in the Division of Revenue Amendment Bill effect to changes in the equitable division of nationally raised revenue among the spheres of government: Changes to the provincial allocations, changes to local government allocations and changes to gazetted frameworks. The national government received an additional of R8,385 billion bringing the main budget allocation for the 2017-18 financial year, from R1,409 trillion to R1,418 trillion. The additional amount for national government includes R49,834 million for conditional grants to provinces, R54,005 million for conditional grants to local government and R994,816 million for debts to service costs.

The Bill effects the following changes to the provincial conditional grants allocations: R19,8 million will be added to the comprehensive human immunodeficiency virus, HIV, acquired immune deficiency

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syndrome, Aids, and tuberculosis, TB, grant for Limpopo and Mpumalanga, it is good news for you; R30 million of the Health Facility Revitalisation Grant will be converted from an indirect to a direct grant for North West; and in school infrastructure R415 million in unspent funds has been declared as savings on the indirect school infrastructure backlog grant in the Eastern Cape.

When we come to local government there are also a few changes: R27,9 million will be rolled over municipal transition demarcation grant for funds originally allocated to municipalities in KwaZulu-Natal, KZN, in 2015-16 financial year. R26,1 million has been allocated through the Municipal Disaster Recovery Grant for the repair of sinkholes and damage to infrastructure resulting from sinkholes in the area of Merafong City Local Municipality. R200 million has been added to the Indirect Regional Bulk Infrastructure Grant for Butterworth in the Eastern Cape for emergency water supply scheme to respond to drought pressures. R265 million will be added to the bucket eradication programme to allow the Department of Water and Sanitation to continue bucket eradication projects that the department had already identified and committed to implementing giving our poor people dignity.

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There are several gazetted frameworks that have also been changed. I'm not going to refer to that; it is captured in our report. On 17 November provinces submitted negotiating mandates as follows: Eight provinces supported the Bill and Western Cape did not support the Bill. Provinces made inputs. Therefore, the inputs on the Bill are captured for the report that was in the Announcements, Tablings and Committee Reports, ATCd, and a lot of details were given. Thank you for the provinces in participating in that process. On 21 November 2017, that was yesterday, provinces submitted final mandates as follows: Seven provinces voted in favour of the Bill. At the time of the meeting Limpopo did not submit the final mandate, but it was received this morning just before 8:00 and circulated to members of the committee at 09:04. Therefore, it is now tabled in the House. Western Cape voted against the Bill.

I turn to the observations of the committee. The committee noted the deteriorating domestic economic environment and call on the Minister of Finance to ensure policy certainty and implement interventions that will restore confidence and bring the economy back to a faster growth trajectory. The committee welcomes the reprioritisation of R264,933 million towards the bucket eradication programme. It also noted with concern the unspent funds on the School Infrastructure Backlog Grants to the amount of R415 million which will revert back

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to the National Revenue Fund due to poor spending performance. The roll-overs over two consecutive years allowed by the National Treasury are not desirable or maybe in breach of legislation.

The committee noted that the municipalities across most provinces owe Eskom large amounts of money and are expected to pay the capital amounts plus interests, potentially compromising delivery of basic services. It is disconcerting for the committee that provinces and municipalities are still experiencing serious challenges with spending their conditional grants, particularly the early childhood development, ECD, grant and capital expenditure in general, given the impact that this will have on service delivery. We acknowledge the progress made in the cost-containment measures by the Treasury and the provinces it oversees, and further notes the concern from the National Treasury that further expenditure cuts may compromise service delivery.

Also, the reported misalignment between the Municipal System Act and the Municipal Finance Management Act and the role this plays in the liquidity challenges of municipalities. Also the reported trend of some councils in municipalities passing unfunded budget which is deemed illegal by the committee and it is highly unacceptable. We note the support provided to 20 municipalities that are reported to

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be in the most financial distress and further noted that only slight improvements in spending and quality has been observed. However, the committee is also going up with the recommendations which are captured on 15 November. I'm not going into each one specifically; it is in the report that was ATCd.

Having considered the Division of Revenue Amendment Bill, Bill 24 of 2017, and the submissions made by stakeholders and provinces, the committee recommends the adoption of the Division of Revenue Amendment Bill, Bill 24 of 2017, without amendments. The Western Cape reserves its position on this report, in actual fact they voted against it in the committee. Thank you, Chair. [Applause.]

Question put: That the Bill be agreed to.

In favour: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West.

Bill accordingly agreed to in accordance with section 65 of the Constitution.

Mr M KHAWULA: Hon Chair, I'm seeking clarity on a point of order, in the case where the head of a delegation has left the House, but

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members of the province some of them are in the House, what is their status? I just want to find out, Chair.

The CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES: The rules ... [Interjections.] ... yes, I know. In the case when the head of delegation has left the House, but has mandated to any other member to speak on behalf of the province, for example, it might be that the head of delegation of North West, Ntate Nthebe, is not here, but mandated the hon Motlashuping to speak on behalf of the province. Therefore, there would be a provincial voice. However, in the case where the head of the delegation has also indicated their disagreement we cannot ignore that.

Hon members, just before we conclude the business of the day, I did receive a letter this morning from the hon Labuschagne. I do want to assure you that we have done our double checks. I tend to overprepare rather than underprepare for any sitting. I do know that we are not doing anything that is illegal, that in fact, we are within. We received the Bill in the afternoon and therefore, in fact, we are on our day nine. If we calculate it very narrowly I would have said that we are on day eight. Therefore, we are within the times given and we are not doing anything wrong. I would rather eat my bread at home rather than do anything illegal. Members, this

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concludes business of the day. Hon members are requested to remain standing until the procession has left the House. The meeting is adjourned. [Applause.]

The Council adjourned at 9:58.

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