

**PORTFOLIO COMMITTEE ON PREMIER, FINANCE, ECONOMY AND
ENTERPRISE DEVELOPMENT**



NORTH WEST PROVINCIAL LEGISLATURE

**REPORT ON PUBLIC HEARING OF DIVISION OF REVENUE BILL
[B2-2018]**

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ANNEXURE

ACRONYMS

EPWP	Expanded Public Works Programme
FFC	Financial Fiscal Commission
MEC	Member of Executive Council
MIG	Municipal Infrastructure Grant
MTEF	Meduim Term Expenditure Framework
NWPG	North West Provincial Government
PFMA	Public Financial Management Act'
RDP	Rural Development Plan
SALGA	South African Local Government Association
SMME	Small Meduim & Micro sized Enterprises

1. INTRODUCTION

The Portfolio Committee on Premier, Finance, Economy and Enterprise Development exercises oversight over the Department of Finance through its assessment of the provincial-wide strategic support provided to NWPG departments. *The Constitution of the Republic of South Africa 1996* and the *PFMA 1999* creates a basis on which oversight by Legislatures should be accomplished.

2. PROCESS FOLLOWED

The Division of Revenue Bill [B2-2018] was formally referred by the Speaker, Honourable S.R. Dantjie to the Portfolio Committee on Premier, Finance, Economy and Enterprise Development for consideration and reporting.

The Portfolio Committee received a presentation from the Department of Finance, Economy and Enterprise Development on the Division of Revenue Bill [B2-2018] at a meeting held on 27 March 2018. Following the departmental briefing, the Committee embarked on Public Hearings throughout the province on 4 April 2018 held as follows; Ngaka Modiri Molema District (Tshidilamolomo Tribal Hall), Bojanala District (White Hall - Brits), Dr Kenneth Kaunda District (Kgakala Community Hall – Leeudoringstad and Dr Ruth Segomotsi Mompati District (Vryburg Banquet Hall). A total of 811 people were reached in various districts of the Province.

3. OBJECTIVE OF THE DIVISION OF REVENUE BILL [B2-2018]

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2018/19 financial year, the determination of each province's equitable share and allocations 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.

4. PRESENTATION BY NATIONAL TREASURY

Policy changes in the bill clauses

Municipal borrowing

- National Treasury encourages the responsible use of municipal borrowing. They are currently reviewing the municipal borrowing policy.
- The MFMA only allows municipalities to engage in long-term borrowing for capital spending, and does not allow national government to guarantee or bail out municipal debts.
- To promote better alignment with the MFMA, and in line with the FFC's recommendation to "improve access to credit for large cities by allowing them to use their infrastructure grant funding allocations to leverage private capital" the following change is proposed:
 - Clause 8(4) is changed to remove the approval of "pledges" against conditional grants
 - Instead, credit-worthy municipalities can borrow in terms of the processes, criteria and safeguards set out in the MFMA, including public disclosure and requiring Council approval for loans
 - The redrafted clause 8(4):
 - ❖ In addition to the consultation already required in the MFMA, the transferring officer and provincial treasury must be consulted on any borrowing that includes grant funds
 - ❖ Gives National Treasury the authority to prescribe how grant funds that have been borrowed against should be reported on
 - ❖ Removes the effective 2-year limit on borrowing that includes grant funds, allowing for longer-term financing for infrastructure investment.
- This is a small step to improve municipal borrowing. More measures will be set out once the review of municipal borrowing policy is complete

Policy changes in the bill clauses

Addressing "underfunded mandates"

- Municipalities and SALGA frequently raise the problems of "unfunded mandates" and "underfunded mandates" which occur when a responsibility for performing a function is assigned/transferred to a municipality, without sufficient sources of funding
- Changes to the 2018 DoR Bill attempts to address one aspect of this problem:

- Often municipalities accept the responsibility to perform a function on behalf of a province and sign a service level agreement or memorandum of agreement that specifies how the province should compensate the municipality for performing the function, but the province does not follow through on transferring the agreed amounts
- A new clause 30(2)(d) requires that provincial treasuries must ensure that transfers to municipalities listed in the provincial budget must be aligned with the terms of any agreements between the province and municipality
- Clause 30(2)(a)(i) is also amended to note that the provisions in this section apply to functions funded through provincial own funds and conditional grants

Technical changes to 2017 Act

- A number of technical changes are also made in the Bill. These are done largely to improve administration and other incidental matters, such as listing names of new grants; amending timeframes, etc. Details in the annexures to the presentation

PROVINCIAL ALLOCATIONS

R million	Equitable share	Conditional grants	Total transfers
Eastern Cape	65 500	11 263	76 763
Free State	26 178	7 561	33 739
Gauteng	93 384	21 511	114 895
Kw aZulu-Natal	99 264	19 753	119 017
Limpopo	55 179	8 544	63 723
Mpumalanga	38 468	7 937	46 404
Northern Cape	12 475	4 387	16 862
North West	32 392	7 467	39 859
Western Cape	47 447	11 904	59 351
Unallocated	–	384	384
Total	470 287	100 711	570 997

Source: National Treasury

- Over 2018 MTEF the equitable share grows at an average of 7.1%

- **2 New grants and 1 augmentation**

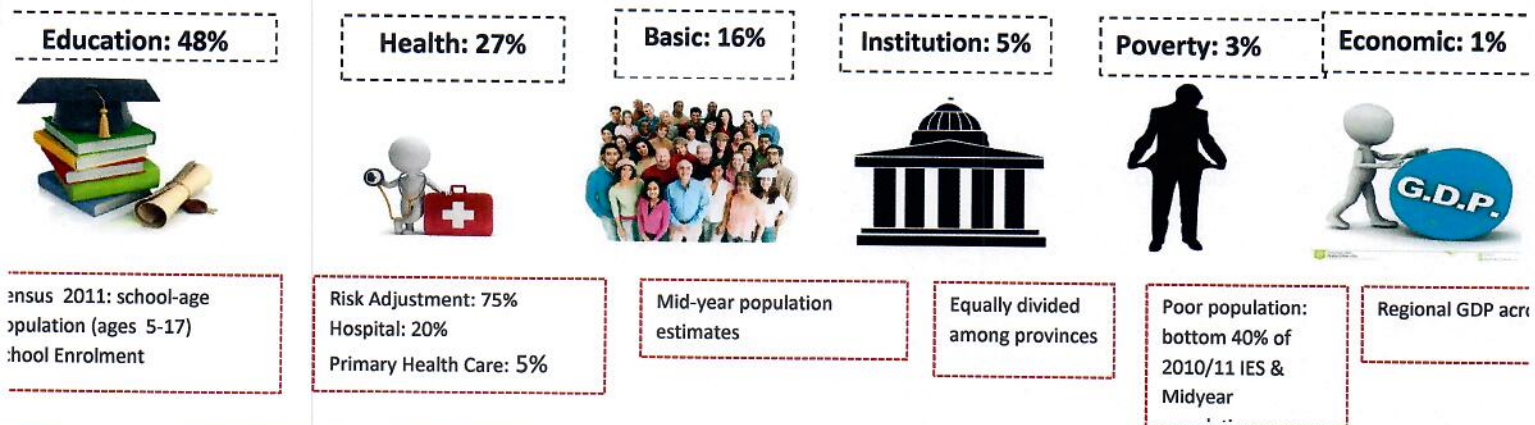
Title deeds backlog restoration grant to improve property market by eradicating long-standing backlog in title deeds registration associated with past beneficiaries of state-subsidised housing

- **Provincial emergency housing grant** which should allow national government to respond emergency housing situations quickly and flexibly

- **Community health services** is lifted for integration into health services platform

New component into Comprehensive HIV, AIDS and TB grant is a step towards integrating community health care into the health services provision platform

Horizontal Division of Revenue: Provincial Equitable Share Formula



The PES is a blunt budget allocation tool and should not be considered as prescriptive. In other words, because education is 48% of the formula does not mean it should translate to 48% of the budget.

Provinces are still responsible for roads and that is not in the formula.

The tool helps divide allocations to provinces while considering provincial responsibilities in order to allocate **EQUITABLY AND FAIRLY USING RELIABLE, VERIFIED, AND OFFICIAL DATA.**

NORTH WEST 2018 MTEF PROVINCIAL ALLOCATIONS

North West Conditional Grant Allocations

R Thousands	2018/19	2019/20	2020/21	2018 MTEF
Total transfers to provinces	39 859 240	42 249 374	45 395 265	127 503 878
Provincial equitable share	32 391 895	34 788 928	37 372 220	104 553 043
Conditional grants	7 467 345	7 460 446	8 023 045	22 950 835
Agriculture, Forestry and Fisheries	251 295	250 717	266 556	768 568
Comprehensive Agricultural Support Programme Grant	176 054	170 893	182 342	529 289
Ilima/Letsema Projects Grant	66 843	70 586	74 468	211 897
Land Care Programme Grant: Poverty Relief and Infrastructure Development	8 398	9 238	9 746	27 382
Arts and Culture	136 369	143 767	151 733	431 869
Community Library Services Grant	136 369	143 767	151 733	431 869
Basic Education	1 526 192	1 451 904	1 590 146	4 568 242
Education Infrastructure Grant	1 002 988	900 412	999 095	2 902 495
HIV and AIDS (Life Skills Education) Grant	17 884	18 849	19 791	56 524
Learners With Profound Intellectual Disabilities Grant	12 797	15 267	17 414	45 478
Maths, Science and Technology Grant	36 347	38 391	40 831	115 569
National School Nutrition Programme Grant	456 176	478 985	513 015	1 448 176
Health	2 323 616	2 426 242	2 642 344	7 392 202
Comprehensive HIV, AIDS and TB Grant	1 315 304	1 467 366	1 627 124	4 409 794
<i>Community Outreach Services Component</i>	<i>167 729</i>	<i>179 710</i>	<i>179 710</i>	<i>527 149</i>
Health Facility Revitalisation Grant	585 886	511 935	540 091	1 637 912
Health Professions Training and Development Grant	126 107	132 452	139 738	398 297
Human Papillomavirus Vaccine Grant	13 264	14 007	14 777	42 048
National Tertiary Services Grant	283 055	300 482	320 614	904 151
Human Settlements	1 926 644	1 987 972	2 104 786	6 019 402
Human Settlements Development Grant (HSDG)	1 926 644	1 987 972	2 104 786	6 019 402
Title Deeds Restoration Grant	50 687	53 521	56 462	160 670
R Thousands	2018/19	2019/20	2020/21	2018 MTEF
Public Works	62 485	-	-	62 485
Expanded Public Works Programme Integrated Grant for Provinces	17 673	-	-	17 673
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	44 812	-	-	44 812
Social Development	77 179	81 676	86 925	245 780
Early Childhood Development Grant	52 185	55 102	58 794	166 081
<i>Subsidy Component</i>	<i>5 939</i>	<i>6 269</i>	<i>6 689</i>	<i>18 897</i>
<i>Maintenance Component</i>	<i>46 246</i>	<i>48 833</i>	<i>52 105</i>	<i>147 184</i>
Social Worker Employment Grant	7 286	7 874	8 402	23 562
Substance Abuse Treatment Grant	17 708	18 700	19 729	56 137
Sport and Recreation South Africa	41 855	43 814	45 850	131 519
Mass Participation and Sport Development Grant	41 855	43 814	45 850	131 519
Transport	1 071 023	1 020 833	1 078 242	3 170 098
Provincial Roads Maintenance Grant	960 604	904 230	953 827	2 818 661
Public Transport Operations Grant	110 419	116 603	124 415	351 437
HSDG allocations earmarked for mining towns:	346 559	346 559	346 559	1 039 677
<i>The HSDG allocations include the following earmarked additions for mining towns:</i>				
NW372: Madibeng	79 501	79 501	79 501	238 503
NW373: Rustenburg	66 317	66 317	66 317	198 951
NW374: Kgetlengrivier	34 668	34 668	34 668	104 004
NW375: Moses Kotane	71 861	71 861	71 861	215 583
NW403: City of Matlosana	94 212	94 212	94 212	282 636

NORTH WEST 2016/2017 CONDITIONAL GRANT EXPENDITURE AS AT 31 MARCH 2017 (AUDITED)

North West Conditional Grant Spending as at 31 March 2017 (Audited)

R Thousands	Total available	Total Payments	% Spent
Agriculture, Forestry and Fisheries	238 327	236 553	99.26%
Comprehensive Agricultural Support Programme Grant	171 258	169 741	99.11%
Ilima/Letsema Projects Grant	59 448	59 248	99.66%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	7 621	7 564	99.25%
Arts and Culture	141 715	124 683	87.98%
Community Library Services Grant	141 715	124 683	87.98%
Basic Education	1 476 073	1 473 704	99.84%
Education Infrastructure Grant	1 013 007	1 011 952	99.90%
HIV and Aids (Life Skills Education) Grant	16 629	16 086	96.73%
Maths, Science and Technology Grant	39 137	39 003	99.66%
National School Nutrition Programme Grant	407 300	406 663	99.84%
Health	2 013 954	2 005 094	99.56%
Comprehensive HIV and AIDS Grant	1 137 969	1 137 969	100.00%
Health Facility Revitalisation Grant	502 812	493 953	98.24%
Health Professions Training and Development Grant	111 565	111 565	100.00%
National Health Insurance Grant	8 090	8 089	99.99%
National Tertiary Services Grant	253 518	253 518	100.00%
R Thousands	Total available	Total Payments	% Spent
Human Settlements	2 151 817	1 951 247	90.68%
Human Settlements Development Grant	2 151 817	1 951 247	90.68%
Public Works	93 074	91 844	98.68%
Expanded Public Works Programme Integrated Grant for Provinces	51 021	50 692	99.36%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	42 053	41 152	97.86%
Social Development	-	-	-
Substance Abuse Treatment grant	-	-	-
Sport and Recreation South Africa	47 881	45 465	94.95%
Mass Participation and Sport Development Grant	47 881	45 465	94.95%
Transport	968 449	843 581	87.11%
Provincial Roads Maintenance Grant	867 524	744 800	85.85%
Public Transport Operations Grant	100 925	98 781	97.88%

CHANGES TO LOCAL GOVERNMENT GRANTS

Supporting development in intermediate cities

- Urban development reforms are moving beyond metros into intermediate cities
- The Department of Cooperative Governance is providing a programme of support to these cities through the Integrated Urban Development Framework (IUDF)
- In 2018/19 a new funding approach will be piloted through a window in the MIG for 2 cities (uMhlathuze and Polokwane)
- From 2019/20 we will introduce a new Integrated Urban Development Grant:
 - Cities can apply to join the grant, and must meet minimum criteria
 - An incentive component will reward good performance
 - Monitored against an integrated capital investment programme to enable more integrated planning, and blending of own funding
 - The grant will initially be funded through a reprioritisation of existing MIG allocations

Bucket Eradication Programme

- The eradication of bucket systems in formal areas (as confirmed in 2015) will be completed in 2018/19. Just over R1 billion is ring-fenced for this within the indirect Water Services Infrastructure Grant and the Regional Bulk Infrastructure Grant

Municipal Demarcation Transition Grant

- This grant ends in 2017/18 (in line with the FFC recommendation for a 3 year grant)
- Some funds for the completion of transition work have also been made available in the Municipal Systems Improvement Grant (indirect)

MONIES OWED BY GOVERNMENT TO MUNICIPALITIES

- To date, debts totaling R4 billion have been verified and departments have settled R1.6 billion of outstanding debts
- MFMA Section 71 reports as at 31 December 2017:
 - Provincial government owed R3,7 billion, a small decrease on the R4.0 billion reported as at 30 June 2017
 - National government owed R2,9 billion, a small increase on the R2.5 billion reported as at 30 June 2017

- It is recognised that the “culture of non-payment” threatens municipal financial sustainability.
- While progress is being made in reducing the total outstanding debt, this must be accelerated. The Minister of Finance, in his 2018 Budget Speech advised that NT’s DG “will issue a directive to all government departments and public institutions, instructing them to pay suppliers on time, or be charged with financial misconduct.”
- National Treasury is collaborating with local government stakeholders to focus on efforts that will positively impact achieving municipal financial sustainability in the longer term

DEBTS TO MUNICIPALITIES OWED BY THE NORTH WEST PROVINCE

Debtors Age Analysis per Customer Group
 Published Figures as at 2018/18/31 for Q2
 Location Level Selected: National (All)
 Financial Year End : 2018
 Period : Month 6, December
 Figures in R'000
 North West Provincial Departments

	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Provincial: Agriculture	72	193	82	67	61	60	265	1 294	2 095
Provincial: Education	1 348	906	882	2 992	818	417	2 393	5 450	15 204
Provincial: Health	2 255	502	200	510	58	227	174	724	4 656
Provincial: Housing and Local Government	2 284	2 243	2 089	1 716	1 430	1 334	9 602	119 803	140 501
Provincial: Office of the Premier									
Provincial: Other Departments	37	36	35	11 472	35	40	1 306	878	13 839
Provincial: Public Works, Roads and Transport	730	11 963	-8 527	11 732	6 023	5 743	31 655	135 207	194 527
Provincial: Social Development	178	77	69	5	5	5	27	213	578
Provincial: Sport, Arts and Culture	20	27	13	281	0	0	0	0	342
TOTAL	6 924	15 947	-5 157	28 775	8 430	7 826	45 422	263 569	371 742

NORTH WEST LOCAL GOVERNMENT CONDITIONAL GRANTS ALLOCATIONS FOR 2018 MTEF

Conditional Grant Allocations, 2018 MTEF

	2018/19 R'000	Forward Estimates	
		2019/20 R'000	2020/21 R'000
Infrastructure transfers to local government	3 226 493	3 478 476	3 704 094
Direct transfers	2 681 132	2 639 592	2 793 875
Municipal infrastructure grant	1 742 871	1 746 241	1 845 600
Water services infrastructure grant	346 557	358 000	377 690
Integrated national electrification(municipal) programme grant	86 049	127 883	148 983
Public transport network grant	298 212	218 912	230 953
Neighbourhood development partnership (capital)	48 485	56 475	50 000
Regional bulk infrastructure grant	149 150	121 693	129 660
Rural roads asset management systems grant	9 808	10 388	10 989
Indirect transfers	545 361	838 884	910 219
Integrated national electrification programme (Eskom) grant	281 625	263 981	277 444
Neighbourhood developmentpartnership (technical assistance)	350	1 400	1 400
Regional bulk infrastructure grant	263 386	248 270	251 375
Water services infrastructure grant	-	325 233	380 000
Capacity transfers and other current transfers	111 906	72 620	79 374
Direct transfers	104 051	65 820	72 174
Local government financial management grant	46 491	51 820	58 174
Expanded public works programme integrated grant for municipalities	36 536	-	-
Energy efficiency and demand-side management	21 024	14 000	14 000
Indirect transfers	7 855	6 800	7 200
Municipal systems improvement grant	7 855	6 800	7 200
Total North West municipalities	3 338 399	3 551 096	3 783 468

Source: Division of Revenue Bill 2018

NORTH WEST LOCAL GOVERNMENT EQUITABLE SHARE ALLOCATIONS FOR 2018 MTEF

Local Government Equitable Share Allocations, 2018 MTEF

Code	Municipality	2018/19 R'000	Forward Estimates	
			2019/20 R'000	2020/21 R'000
NORTH WEST				
B	NW371 Moretele	306 721	335 220	360 155
B	NW372 Madibeng	624 943	690 643	766 832
B	NW373 Rustenburg	605 006	675 452	757 430
B	NW374 Kgetlengrivier	81 506	90 475	99 374
B	NW375 Moses Kotane	386 730	423 082	455 591
C	DC37 Bojanala Platinum District Municipality	322 202	337 917	352 586
Total: Bojanala Platinum Municipalities		2 327 108	2 552 789	2 791 968
B	NW381 Ratlou	111 525	122 886	131 799
B	NW382 Tswaing	102 431	113 143	121 990
B	NW383 Mafikeng	226 626	252 333	274 752
B	NW384 Ditsobotla	112 413	124 506	135 203
B	NW385 Ramotshere Moiloa	153 173	170 214	184 185
C	DC38 Ngaka Modiri Molema District Municipality	696 369	762 027	829 843
Total: Ngaka Modiri Molema Municipalities		1 402 537	1 545 109	1 677 772

Local Government Equitable Share Allocations, 2018 MTEF

Code	Municipality	2018/19 R'000	Forward Estimates	
			2019/20 R'000	2020/21 R'000
NORTH WEST				
B	NW392 Naledi	47 260	51 788	55 858
B	NW393 Mamusa	50 209	54 838	59 166
B	NW394 Greater Taung	175 974	190 263	202 947
B	NW396 Lekwa-Teemane	44 723	49 059	53 059
B	NW397 Kagisano-Molopo	109 062	118 889	126 906
C	DC39 Dr Ruth Segomotsi Mompati District Municipality	337 205	360 521	388 722
Total: Dr Ruth Segomotsi Mompati Municipalities		764 433	825 358	886 658
B	NW403 City of Matlosana	392 856	428 402	465 560
B	NW404 Maquassi Hills	115 571	126 946	137 180
B	NW405 JB Marks	233 655	257 206	284 098
C	DC40 Dr Kenneth Kaunda District Municipality	180 033	187 041	193 426
Total: Dr Kenneth Kaunda Municipalities		922 115	999 595	1 080 264
Total: North West Municipalities		5 416 193	5 922 851	6 436 662

Source: Division of Revenue Bill 2018

5. CONCERNS/INPUTS OF THE PORTFOLIO COMMITTEE DURING THE BRIEFING

The Committee raised the following concerns/input after the presentation of the DORA Bill [B2 – 2018].

- 5.1. A new Municipal Resctructuring Grant is to be introduced from 2019/20 to increase revenue collection in municipalities, can municipalities buy electricity in bulk and sell it directly to households so that their own revenue can grow.
- 5.2. There is a new Integrated Urban Development Grant, cities can apply for the grant, they must meet minimum criteria, are there municipalites in the province that meet that criteria.
- 5.3. The Committee sought clarity on the objectives of the Comprehensive HIV, AIDS and TB Grant, whether its conditions have changed.
- 5.4. The Committee raised a concern that JB Marks and Matlosana Local Municipalities have regressed due to bad management.
- 5.5. Moretele Local Municipality and Dr RSM District Municipality have taken the water grant and invested in the VBS capital bank that is under curatorship, the Committee raised a concern that the Department of Finance observe and comply to the Treasury Regulation that highlights on what type of a bank monies can be invested into.
- 5.6. National Treasury needs to able to asses wether municipalities are spending their appropriations accordingly.
- 5.7. There is a clause in the Bill that gives municipalities power in terms of borrowing money; a concern was raised that municipalities are not going to use the clause properly.
- 5.8. There are acute financial discrepancies at Ngaka Modiri Molema District Municipality.
- 5.9. The Demarcation Grant of JB Marks Local Municipality is extorted, the Committee advised National Treasury before allocating funds in the financial year to demand a detailed financial report.
- 5.10. There needs to be implementation of recovery plans for municipalities in financial crisis.
- 5.11. Some municipalities has transferred the Municipal Infrastructure Grant funds to the VBS Mutual Bank.
- 5.12. The Provincial Roads Maintenance Grant has spent 33.70% as at 31 January 2018, a concern was raised that 75% has been spent as at end of March 2018 , is that not fiscal dumping as it translates to R 600 million being spent in two months.
- 5.13. With regards to Provincial Fiscal Framework the North West province is the lowest in terms of allocation of funds.
- 5.14. Rustenburg and Madibeng Local Municipalities were not identified as areas of economic growth, Rustenbug economy grows at a high level, Mahikeng has been identified yet it is not growing like Matlosana and JB Marks Local Municipalities.

- 5.15 Value Added Tax (VAT) needs to be rejected as it is the most most regressive form of tax.
- 5.16 A concern was raised that the mining towns grant is meant for revitalisation of mining towns not mining municipalities.
- 5.17 The allocations of the health function, there are disparities of private health and public services, it needs to be properly managed,
- 5.18 The Provincial Road Maintenance Grant can only be used for re-gravelling of gravel roads and not for tarring of gravel roads.
- 5.19 Mpumalanga province receives allocation for the maintenance of coal haulage , North West though is not getting lime stone haulage funding when three out of the five biggest cement producing companies are based in North West, it is also not getting platinum and chrome haulage funds.

6. RECOMMENDATIONS OF THE PORTFOLIO COMMITTEE

The Committee recommends that;

- 6.1 The Department of Finance take note on the concerns of the communities as per the four districts deliberations on 4 April 2018, take note of the annexure.
- 6.2 National Treasury must monitor the expenditure of implementation of the roads maintenance grant.
- 6.3 National Treasury must monitor funding of health care services in the province is used accordingly.
- 6.4 The Committee recommends that the clause in the Bill that allows municipalities to borrow money from National Treasury, be closely monitored as there are municipalities that are already performing badly financial, it could increase their financial deficits.
- 6.5 National Treasury put into place systematic regulations before transferring appropriation to Ngaka Modiri Molema District Municipality.
- 6.6 The Department of Finance submit a report on debt owed to municipalities, within 21 days.
- 6.7 The Committee has noted the reduction of the EPWP Grant, skills and training be afforded to people so that they can continue to sustain themselves, in turn alleviating poverty.
- 6.8 The Department of Finance must strengthen monitoring and evaluation tools in departmental budgets.
- 6.9 The Committee strongly recommends that the national Department of Transport revitalise the rail system in the North West province, allowing the transportation of goods and thereby decreasing the number of trucks on provincial roads.
- 6.10 National Treasury look seriously into the matter of affording the North west province a limestone, cement, platinum and chrome haulage grant.
- 6.11 The Committee requests that National Treasury look into the concept of food stamps, like in the United States of America, as a mechanism to lessen the burden of VAT increase on poor people.

7. PUBLIC INPUTS/CONCERNS

After the presentation by the Portfolio Committee, the public raised the following concerns:

7.1. DR KENNETH KAUNDA DISTRICT

- 7.1.1 The Community raised concern that the budget allocation is the same as the previous year and that the money that has been allocated to the various departments are .
- 7.1.2 Money that is appropriated to the Department of Public Works and Roads, with relation to infrastructure for roads, is not been used for roads as they remain in a bad condition throughout the province.
- 7.1.3 There is no accountability on the money that is being spent in the province. The money that is allocated for Kanana is going somewhere else because Kanana is not getting the money – the money is going to Matlosana.
- 7.1.4 The equitable share of the province, how is it being spent.
- 7.1.5 Appropriations must be monitored and correctly allocated , municipalities are not giving services to the communities.

7.2 BOJANALA DISTRICT

- 7.2.1 Is there any follow up procedure to ensure that the budget is utilised to maintain roads in Moses Kotane Local Municipality.
- 7.2.2 Is the budget appropriated to school development sports.
- 7.2.3 Most schools do not have proper facilities, how is this being considered in the Bill
- 7.2.4 How does the budget cater out of school youth being catered for in sports and recreation.
- 7.2.5 Road that is being developed currently is causing flooding in the houses in close proximity to the road.
- 7.2.6 Monitoring and evaluation for budget needs to be instituted at Madibeng Local Municipality
- 7.2.7 There is a lot of backlogs at municipalities,are backlogs being considered as they cause negative financial reports.
- 7.2.8 With regards to the mid year budget adjustments are backlogs considered .
- 7.2.9 More needs to be done to monitor budget at municipalities a feedback session on how budget was spent is needed.
- 7.2.10 When was the last time an audit was carried out at Moses Kotane Local Municipality.

- 7.2.11 There is non allocation of indigent funds, even though indigent forms are filled.
- 7.2.12 What is the budget allocated to municipalities meant for.
- 7.2.13 Water and service grant: Moses Kotane there has been no water for three months, residents only get water when its raining.
- 7.2.14 The budget allocated for Sports does it accommodate the youth or is only for school development sports.
- 7.2.15 There are no sports facilities in Muthutlong village while certain percentage of the budget is allocated to sporting facilities.
- 7.2.16 The community wanted to know whether Legislature is able to monitor or audit appropriations that are allocated to sports in municipalities.
- 7.2.17 The money allocated Rustenburg Municipality (R 66 317) where does it comes from and what is the money used for.
- 7.2.18 The money that is allocated for transport is it used to maintain municipality cars or used to repair taxis.
- 7.2.19 The Community of Bojanala support the Bill with the amendments.

7.3 DR RUTH SEGOMOTSI MOMPATI DISTRICT

- 7.3.1 A concern was raised that there are insufficient funds on Education Infrastructure and School Infrastrucutre Backlogs Grants.
- 7.3.2 The Provincial Equitable Share formula needs to be reviewed.
- 7.3.3 The EPWP programme has assisted many households in the province, Communities requests more funding into the programme as it is the only source of employment in government to reduce poverty.
- 7.3.3 There is a clause that allows municipalities to borrow grants where necessary in consultation with Provincial Treasury, the Community sought clarity on which measures are in place to ensure that funds will be used accordingly.
- 7.3.4 Communities suggest that government needs to create more jobs in terms of partnering with FET colleges in the province and communities can learn different skills and create sort of consortium to reduce rate of unemployment in the province to sustain themselves.
- 7.3.5 Communities raised a concern that budget of Department of Health is insufficient currently there are no ARVs and TB drugs at Morokweng Clinic.
- 7.3.6 Communities request government to increase the EPWP grant budget.

- 7.3.7 A concern was raised that the budget allocations on water services in Dr RSM District is insufficient and there are many villages in the district.
- 7.3.8 EPWP budget has been reduced and the programme has been assisting communities to sustain themselves at Naledi Local Municipality
- 7.3.9 The Communities raised a concern about budget on the Department of Public Works and Roads to be increased so that potholes be fixed in the province.
- 7.3.10 The Communities support the Division of Revenue Bill.

7.4 NGAKA MODIRI MOLEMA DISTRICT

- 7.4.1 The last budget is not part of the presentation so people can reflect. The debt in municipalities are not clarified? Is it money wrongfully used or is it already paid? Free education is not clearly explained in the bill, and what are the conditions? The safety of the community is not taken into consideration.
- 7.4.2 As a learner, the allocation for education in 2016 there was project for NSFAS and Kgetsu Ya Tsie that were not catered for, took applications but have no feedback regarding this. They owe for registration even though they had letters from municipality regarding payment for their registration. What are the money awarded to? What are the criteria for this budget? They also want feedback on the budget as to what the money is used for.
- 7.4.3 Education funds for higher education, funds for natural disasters and Title deed restoration grant. The government takes time to respond when the community asks for services, they want timeframes for interventions for previous financial years and coming years. The Bill is silent on issues of health . There must be more monitoring at the municipality,
- 7.4.4 Communities want feedback on how the budget was used. Bathopele is not being adhered to. The emergency disaster grant there were floods and those people that are not assisted, they need more feedback. Can the local funds be divided according to villages and give them feedback.
- 7.4.5 Departments must have an allocation that they must demonstrate what they use their budget for, the SMMES have a role that they play, as initiators government overlooks them, for example
- 7.4.6 Arts and Culture does not help them as they say they do not have a budget.
- 7.4.7 How does FEED help SMMES in rural areas .

7.4.8 No budget for job creation, the national budget does not speak to this.

7.4.9 The Department of Public Works & Roads is of no assistance. The road for D414 it goes all the way to Bray the tarred roads ends in 20kms the rest is gravel. R101 million allocated for roads in in Ratlou is not sufficient.

8. ADOPTION OF THE BILL

8.1 The four districts in the province are in support of the Division of Revenue Bill [B2-2018].

9. ACKNOWLEDGEMENTS

The Chairperson of Committee thanked all the present Members of the Portfolio Committee for their commitment to the oversight process of the Division of Revenue Bill, 2018.

The cooperation of the MEC for Finance, Economy and Enterprise Development, the Head of the department as well as senior officials from the department is highly appreciated.

The Chairperson of Committee would also like to thank the support staff for contributing in compiling this report.

10. ADOPTION OF THE REPORT

The Portfolio Committee recommends that the House approve the passing of the Division of Revenue Bill, 2018 and mandate North West Permanent Delegate in the National Council of Provinces to vote in support of the Division of Revenue Bill [B2-2018] as tabled by the Minister of Finance.

I present to this House, the report of the Portfolio Committee on Premier, Finance, Economy and Enterprise Development for consideration and adoption.


HON. I MOSALA
CHAIRPERSON OF CHAIRPERSONS

24/4/2018
DATE

ANNEXURE

SERVICE DELIVERY CONCERNS

DEPARTMENT OF HEALTH

- Health is a huge concern at Maquassi Hills – The Clinics needs to be open for 24 hours and they also need an ambulance.
- The clinic of Tshidilamolomo they enter at the back door it is not fully operation, there is no water, there is no sanitation the next patient is handled without sanitizing, and there is no infrastructure in the clinic. Buthelezi lets people die on the road

DEPARTMENT OF EDUCATION

- Feeding Schemes: the food that is been given to children needs to be audited
- Learners are overcrowded in the classroom, not in good conditions, unavailability of a subject teacher for a period of three months at Mamusa Local Municipality, the Communities raised a concern that Department of Education needs to address this matter.
- A concern was raised that in Ward 6 at Naledi Local Municipality, people steals feeding scheme food at the school, government needs to employ security at schools.
- The free education has categories and criterion that they use to allocate for things such as Kgetsu Ya Tsie, They are told VTSD budget is not for private sector. It does not assist them on the ground. Government must help people to initiate for projects as a way to eradicate poverty.

DEPARTMENT OF SPORTS , ARTS & CULTURE

- Sports and recreation- substance abuse and treatment grant will continuously grow due to societal pressures Children are hopeless in the province due to lack of facilities and activities. Young people need resource for sports development
- No recreational facilities
- A plan for recreation for youth in Mothutlong

DEPARTMENT OF LOCAL GOVERNMENT & HUMAN SETTLEMENTS

- It is difficult to get an allocation for a site and challenges at extension 6 in Maquassi Hills are not being solved.
- In Ventersdorp Appelsdraai, The sink houses are falling – We are promised RDP houses but we are not getting RDP houses
- At the informal settlement people are not getting stands.
- A lot of people need houses in the province.
- Informal settlement, municipality promised to buy the land but they have now gone silent in Madibeng Kameeldrift
- People that lives in Sharon settlements in Mamusa Local Municipality do not have tittle deeds, the Communities sought clarity on allocation of tittle deeds, whether it will cater them or will cater new tittle deeds.

DEPARTMENT OF PUBLIC WORKS & ROADS

- No developments in Mothutlong and roads.
- They do not get services, there is a bridge that was spoilt by the floods, Madibogo the bridge needs to be fixed.

DEPARTMENT OF SOCIAL DEVELOPMENT

- Drug addiction high in Mothutlong