**Media Statement: Select Committee on Appropriations Agrees onn the Process of 2020 Division of Revenue Bill**

**Parliament, Thursday, 23 April 2020 –** The Select Committee on Appropriations has agreed on the process of the 2020 Division of Revenue Bill while taking into consideration the ongoing discussions between the Minister of Finance, Mr Tito Mboweni, the Speaker of the National Assembly (NA), Ms Thandi Modise and the Chairperson of the National Council of Provinces (NCOP), Mr Amos Masondo and other relevant stakeholders.

The discussions can result in adjustments to the Bill according to the committee as a result of the COVID-19. The bill was tabled with other bills on 26 February this year together with the budget speech by Minister Mboweni.

The committee noted from the briefings it received yesterday from the National Treasury (NT), the Financial and Fiscal Commission (FFC) and the Parliamentary Budget Office (PBO) that there is a need for more provision to be made in the Bill for the implementation of COVID-19 regulations and therefore some structural adjustments need to be considered in the next few weeks. The committee said it will only entertain those structural adjustments when they are tabled before it.

The committee notes that the 2020 Division of Revenue Bill had to make large reductions to previously announced estimates of budget transfers to provinces and municipalities while protecting funding for social services, provinces and municipalities.

One of the largest changes to the provincial conditional grant included the addition of R1.4 billion to the Early Childhood Development Grant (ECDG) to improve the subsidy per child per day, which has increased from R15.00 in 2019/20 to R18.57 in 2022/23.

The Committee further notes the intention to restructure certain conditional grants in the health sector, however, it is of the view that this should be done as a last resort after the support has been provided and the problems of capacity have been addressed to improve poor performing conditional grants.

The committee welcomes additional allocations to the provincial equitable share (PES) which reprioritises social spending over the Medium-Term Expenditure Framework (MTEF) to include R625 million for sanitary dignity, R316 million for Gender-based violence support, and R398 million for social worker support.

The committee is cognisant of the FFC’s view, which suggested that, although reductions in the local government conditional grant protect key services such as health, education and basic household services against inflation, not much provision has been made for demand growth and above inflation cost increases.

For immediate response to COVID-19, the National Treasury indicated that several disaster provisions in the 2019 Division of Revenue Act have already been activated. These included R466 million transfer to provincial health departments for the purchase of personal protective equipment and other allowances. That is done according to section 20(6) of the Division of Revenue Act, where an existing conditional grant can be reallocated for disaster alleviation and this can only be done in consultation with transferring officers and relevant provincial treasuries.

Enacting the 2020 Division of Revenue Bill will thus enable the use of similar provisions to provide further assistance through the reprioritisation of conditional grants. While the committee welcomed the R500 billion stimulus package that was announced by President Cyril Ramaphosa on Tuesday, there were questions on where the R130 billion which will be reprioritised in the current budget will come from.

Members of the provincial legislatures who were part of yesterday’s meeting requested that National Treasury should consider additional allocations to assist provincial departments of health to deal with the COVID-19 pandemic. Furthermore, they requested that municipalities which have already been facing liquidity challenges be taken into consideration during this process.

The committee acknowledges that the stimulus package will have far-reaching implications on the Division of Revenue Bill in its current form, but it was also mindful about the importance of processing the Bill for the funds to be released for especially for the implementation of COVID-19 regulations.

The Chairperson of the committee, Ms Dikeledi Mahlangu, said that the interventions announced by President Ramaphosa will go a long way in cushioning the economy and vulnerable groups. “We are also mindful that the year 2020 has not been easy for our country and the world. The manner in which things are going, we will be amongst the hardest-hit countries by the COVID-19 economically and otherwise,” she said.
Ms Mahlangu emphasised the committee’s commitment to advancing the interests of the poor and vulnerable South Africans and those who are at the forefront in the fight against the scourge of COVID-19 pandemic.

**ISSUED BY PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE SELECT COMMITTEE ON APPROPRIATIONS, MS DIKELEDI MAHLANGU**