

REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM ON THE DIVISION OF REVENUE AMENDMENT BILL [B9 - 2020]

1. INTRODUCTION

The Speaker of the Legislature referred the Division of Revenue Amendment Bill [B9-2020] to the Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism for consideration and report back to the House in accordance with the legal prescripts.

In terms of Section 118(1) of the Constitution of the Republic of South Africa, 1996, the Legislature has a Mandate to facilitate public involvement in the legislative and other processes of the Legislature and its Committees. Therefore, the Committee solicited public inputs and views from members of the public on the above mentioned Bill.

2. OBJECTIVES OF THE BILL

To amend the Division of Revenue Act, 2020, in accordance with the Money Bills and Related Matters Act, 2009; and to provide for matters connected therewith.

3. METHOD OF WORK

The Bill was referred to the Committee immediately after being referred to the Legislature. Subsequently, the Committee interacted on the Bill as follows:

- a) On the 08 July 2020, the Committee joined the National Council of Provinces (NCOP) through the Select Committee on Appropriations for a joint briefing by the National Treasury on the Division of Revenue Amendment Bill [B9-2020]. The meeting was attended by all provinces.
- b) The Committee also joined the NCOP on the 09 July 2020 for a briefing by the Financial Fiscal Commission (FFC) and the South African Local Government Association (SALGA)
- c) The Committee determined that public input should be solicited on the Bill and adopted a virtual public participation plan.
- d) The Committee conducted a virtual public hearing on 16 July 2020.
- e) The Committee met on the 17 July 2020 to consider its Committee report and the Negotiating Mandate on the Bill.

4. INTERACTION BY THE COMMITTEE WITH THE SELECT COMMITTEE ON APPROPRIATIONS AND THE NATIONAL TREASURY

The National Treasury made a presentation to the Committee, the Select Committee on Appropriations and other provinces. The following points were noted from the presentation:

- The Special Adjustment Budget tabled on 24 June 2020 includes a Division of Revenue Amendment Bill that includes:
 - ❖ Additions to new COVID-19 component of the HIV, TB, Malaria and Community Outreach Grant;
 - ❖ Additions of **R11 000 000 000.00** to the local government equitable share;
 - ❖ Downward adjustments to some conditional grants (to fund other COVID-19 response activities)
- Provinces will fund their COVID-19 responses primarily through reprioritisation.
- Reprioritised funds come from:
 - ❖ Savings on activities (travel, venue hire, catering) that are no longer possible;
 - ❖ Unspent funds due to lockdown regulations (e.g. most infrastructure grants could not be spent under level 4 and level 5 regulations);
 - ❖ Identifying possible under-spending (provinces underspent their grants by **R3 400 000 000.00** in the 2019/20 financial year. A potential underspending of **R5 000 000 000.00** in local government was identified;
 - ❖ Reprioritisations of this scale will however require the implementation of some projects to be delayed
- There were no adjustments on the equitable share allocated for the Mpumalanga Province of **R44 105 000 000.00**.

Subsequent to the presentations, provinces were afforded an opportunity to interact with the presentations.

5. PUBLIC INVOLVEMENT

The Committee considered and adopted a virtual public participation plan to ensure that community members make their inputs on the Bill.

5.1. Radio Interviews

On 14 July 2020, the Committee conducted interactive radio interviews on the Ligwalagwala FM, Rise FM and Moutse Community radio station. During the radio interviews, the Committee explained to members of the public 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.

The public was provided with a thorough overview on the Bill. The Committee interacted with Members of the public in the local languages spoken.

An advert was designed and placed on the following newspapers:

- i. Mpumalanga News
- ii. MP Press
- iii. Khanyisa
- iv. Middelburg Observer
- v. Steelburger
- vi. 013 News
- vii. Standerton News
- viii. The Highvelder

The advertisement was informing members of the public about the Bill and how they can interact with the Committee.

5.2. Virtual Public Hearing

The Committee conducted a virtual public hearing on 16 July 2020 and the following stakeholders were invited to the public hearing:

- a. South African Local Government Association (SALGA);
- b. District Municipalities;
- c. Public Service Commission (PSC) Mpumalanga Office
- d. SANCO
- e. House of Traditional Leaders (HTL)
- f. Congress of South African Trade Unions (COSATU) and its affiliates;
- g. National Development Agency (NDA) Mpumalanga office;
- h. Small Enterprise Development Agency (SEDA) Mpumalanga Office;
- i. Human Rights Commission

- j. Public Protector (Mpumalanga Office)
- k. South African Women Lawyers Association (SAWLA) Mpumalanga Office
- l. The National Bar Council of South Africa (NBCSA)

Comments by Stakeholders

After a brief presentation on the Bill, the stakeholders were afforded an opportunity to comment or make inputs on the Bill. The following are inputs made:

i. Congress of South African Trade Unions (COSATU)

COSATU reported that the Bill is welcomed and raised the following concerns:

- On agriculture, more especially on the forestry industry, COSATU has noted with concern that this area is experiencing a number of job losses due to the COVID-19 pandemic related lockdown regulations.
- Noting the strain experienced by different sectors and companies that has led to massive job losses, COSATU enquired on the feasibilities that the National Treasury can look into stimulus packages that can be used to stimulate the main economic drivers i.e. agriculture and tourism. COSATU enquired on the measures that are implemented to ensure that these sectors survive even beyond the pandemic.
- An appreciation was made on the improvement of transportation. Capacity should be built in the transport sector in ensuring that the rate of infection is curbed.
- COSATU appreciated the increase in the budget of the Department of Health. However, the shortage of staffing, Personal Protective Equipment (PPEs) and infrastructure is noted with serious concerns.
- The issue of safety and stability is also a concern. COSATU raised a concern that the affected departments must be properly capacitated and supported.
- The allocations made to municipalities is appreciated. The concern on municipalities is on the financial management and accountability by the municipalities.

ii. South African Local Government Africa (SALGA)

- SALGA appreciated the additional budget allocated to local municipalities, following the revenue losses experienced.
- A concern was raised that the budget for some conditional grants was reduced.
- SALGA appreciated the fact that the Municipal Infrastructure Grant was not reduced.

- An appreciation on the additional budget for the Department of Health was appreciated.

iii. Ehlanzeni District Municipality

- The municipality appreciated the Bill and the additional allocation to local municipalities.
- It further reported that even though the budget is not enough, it will really assist municipalities as revenue generation is a serious challenge during this time.
- A concern was raised that there was no allocation for the Local Economic Development (LED) and Tourism.
- Consideration should be taken on the sectors mentioned above as they are key in job creation and poor communities largely depend on them.

iv. The National Bar Council of South Africa (NBCSA) – Mpumalanga

Submitted that the Committee must ensure that the appropriated budget is spent accordingly and ensure accountability.

v. South African Women Lawyers Association (SAWLA)

SAWLA supported the Bill and appreciated the allocations to the Departments of Health and Social Development.

6. RECOMMENDATION

The delegation representing the Province of Mpumalanga in the National Council of Province (NCOP) is conferred with authority and mandated to vote in favour of the Division of Revenue Amendment Bill [B9 – 2020] with no amendments, taking into account the inputs and observations noted in this Committee report.

12. CONCLUSION

The Chairperson, Hon M Latchminarain, extends her appreciation to Members of the Committee, the Select Committee on Appropriations of the NCOP, the National Treasury and stakeholders for their active participation, input and contributions during the deliberations on the **Division of Revenue Amendment Bill, [B9 - 2020]** as well as the support staff for contributing to the production of this report.



HON M LATCHMINARAIN, (MPL)

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

17/07/2020

DATE