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# Limpopo Legislature

OFFICE OF THE SPEAKER

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Lebowakgonse  
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Polokwane  
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## FINAL MANDATE


To : The Chairperson of the NCOP

Name of Bill : Division of Revenue Amendment Bill

Number of Bill : [B9 - 2020]

Date of deliberation : 20 July 2020

Vote of legislature : The Province votes in favour of the Bill.

  
Hon. R.R. Molapo  
Speaker, Limpopo Provincial Legislature

21/07/2020  
Date



## **REPORT OF THE LIMPOPO PORTFOLIO COMMITTEE ON PROVINCIAL TREASURY ON DIVISION OF REVENUE AMENDMENT BILL, 2020 [B9-2020]**

### **1. INTRODUCTION**

The Division of Revenue Amendment Bill 2020, [B9-2020] was referred to the Legislature by the National Council of Provinces (NCOP). The Legislature referred it to the Portfolio Committee on Provincial Treasury for consideration; conferral of negotiating mandate to NCOP and to report to the House for the conferral of the final mandate to NCOP.

### **2. PURPOSE OF THE BILL**

The Bill seeks 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. CONSIDERATION OF THE BILL**

The NCOP Permanent Delegate together with National Treasury, in the presence of Provincial Treasury and invited stakeholders; briefed the Portfolio Committee on Provincial Treasury on the principle and provisions of the Bill during a virtual meeting held on 16 July 2020.

The Committee acknowledged receipt of the minutes from the Select Committee on Appropriations and considered all inputs made pertaining the Bill, including responses to recommendations made by Limpopo in particular and agrees that a final mandate should be conferred.

The Committee would like to inform the House about the following deliberations which were made on the Bill:-

### **4. BRIEFING BY NCOP AND NATIONAL TREASURY ON THE BILL**

The Committee was briefed on the impact of COVID-19 on national, provincial and local government finances and response of the division of revenue in addressing the pandemic.

#### **Impact of COVID-19 to provinces and local government**

The COVID-19 restrictions on economic activities caused a decline in revenue collection, i.e. much strain on provincial own revenues with an anticipated decline of R4 billion. Many municipalities were in financial distress prior COVID-19 and therefore the pandemic added to lack of collection of maximum revenues.

#### **Transfers to provinces**

The Committee found that provincial equitable share allocations remained unchanged, however, provinces have committed reprioritisation of R20 billion from their budgets to fund for COVID-19. Out of the R20 billion, Limpopo reprioritised R1.7 billion towards

Health and R578.4 million to other sectors; thus bringing the total reprioritised budget of the province to R2.3 billion.

### **Transfers to local government**

The Committee found that an amount of R11 billion was added to local government equitable share to fund their COVID-19 response. Out of this allocation, municipalities in Limpopo received an amount of R1.7 billion.

### **Conditional Grants**

According to National Treasury, the 2020 Division of Revenue Act gave allowance for COVID-19 spending from existing grant baselines whereby funds had been reprioritised for utilisation at provincial and local government; that is R7.4 billion in provincial grants and R9 billion in local government grants.

On provincial conditional grants to Limpopo in particular, a reduction of R543.2 million was made from the main allocation of R9.89 billion to R9.3 billion.

### **Inputs by stakeholders**

The Committee did not hold a public hearing on the Bill but a call for written submissions was made through emails to municipalities and other stakeholders, however, no submissions were received.

## **5. RECOMMENDATIONS BY THE COMMITTEE**

The Committee recommended that:-

- 5.1 Both National and Provincial Treasuries should put measures in place to deal with procurement irregularities that might arise from spending on COVID-19 pandemic.
- 5.2 Legal frameworks within municipalities should be tightened to provide for stringent monitoring mechanisms on all COVID-19 related expenditures.
- 5.3 Spending on conditional grants meant for COVID-19 response should be strictly monitored in all spheres of government.

## **6. CONCLUSION**

The Portfolio Committee recommends to the House to confer a final mandate to the NCOP delegates to vote in favour of the Bill to pass into law.

**HON. K.A PHALA**

**CHAIRPERSON: PORTFOLIO COMMITTEE ON PROVINCIAL TREASURY**

**(Consider it signed if submitted electronically)**