



PORTFOLIO COMMITTEE ON FINANCE, ECONOMIC DEVELOPMENT & TOURISM

NEGOTIATING MANDATE ON THE *DIVISION OF REVENUE SECOND AMENDMENT BILL* [B24-2020]

1. INTRODUCTION

The Chairperson of the Portfolio Committee on Finance, Economic Development & Tourism, Hon N Maneng, tables the Committee's Report on the ***Division of Revenue Second Amendment Bill [B24 – 2020]***, as adopted by the Portfolio Committee on Tuesday, 24 November 2020.

2. PROCESS FOLLOWED

- 2.1 The Speaker of the Northern Cape Provincial Legislature has on receipt of the Bill referred the ***Division of Revenue Second Amendment Bill, 2020*** to the Portfolio Committee on Finance, Economic Development & Tourism.
- 2.2 On the Thursday, 12 November 2020, the Select Committee on Appropriations together with Portfolio Committees on Finance received a briefing on the Bill from National Treasury.
- 2.3 No physical public hearings could be conducted due to Covid-19 lockdown restrictions. However, a request was forwarded to all stakeholders in all regions of the Northern Cape Province on Thursday, 12 November 2020 for written inputs on the Bill.
- 2.4 Furthermore, a request for written submissions/inputs on the Bill were advertised on all social media platforms of the Provincial Legislature, namely: Twitter, Facebook and Instagram on 17 November 2020. The request was also announced on news bulletins of Radio Riverside, Upington on 19-20 November 2020.

3. WRITTEN INPUTS ON THE BILL

The following written submissions/inputs on the Bill were submitted:

3.1 The Department of Agriculture, Land Reform and Rural Development, Namakwa District Office, Northern Cape

They are affected in three grant allocations, namely: The Comprehensive Agricultural Support Grant, the Ilima/Letsema Projects Grant, and the Land Care Programme. It is their submission that due to their funded projects, any budget cuts incurred will negatively affect further production, employment and overall sustainability and service delivery, especially in the Namakwa District.

4. COMMITTEE RECOMMENDATIONS ON THE BILL

- 4.1 Drought conditions in the Northern Cape have always been registered as a huge concern. The reductions in the agricultural sector, namely: R14 million from the Comprehensive Agricultural Support Programme Grant; R5 million from the Ilima/Letsema Projects Grant; and R980 000 from the Land Care Programme Grant further exacerbates the conditions in the Northern Cape when funding is reduced. It is the submission from the Committee that additional funding, especially for drought should be allocated to the Agricultural sector instead of implementing any reductions.
- 4.2 The Committee, during the Negotiating Mandate stage of the Division of Revenue Amendment Bill [B9-2020], recommended that infrastructure rehabilitation and maintenance must be prioritised in the outer years of the 2020 MTEF period, yet there are reductions in infrastructure conditional grants at both provincial and local government levels that would negatively impact on the economic recovery plans of government as well as service delivery. The Committee recommends that infrastructure conditional grants must be funded adequately.
- 4.3 The Committee further recommends that consequence management must be instituted earnestly to recover funds that have been misappropriated to avoid budget cuts to crucial priority areas as mentioned above.
- 4.4 The Northern Cape is already being deprived in the Provincial Equitable Share formula because of its vastness and difficulty in reaching communities to deliver services. The Northern Cape will receive a reduction on the Provincial Equitable Share of R540 million. This does not assist the Province's plight in the reviewal of the Provincial Equitable Share formula as it relates to service delivery and providing for the poorest of the poor in such vast areas with its associated challenges. It is the submission to the National Council of Provinces that Provinces like the Northern Cape that have extreme challenges must be funded adequately to ensure the livelihoods of the poorest of the poor are not adversely impacted further.

After due deliberation, the Portfolio Committee on Finance, Economic Development & Tourism supports the bill.

5. DISSENTING VIEW/S IN TERMS OF RULE 100(3) OF THE NORTHERN CAPE PROVINCIAL LEGISLATURE

The Democratic Alliance does not support the Bill. It is the submission from the Democratic Alliance that on the background of Covid-19, the Bill does not convincingly address economic recovery. Furthermore, the financial impact on the very rural areas in the Northern Cape is not considered. A serious concern is the fact that Agriculture is affected again in this Bill. There is furthermore, no indication of allocations of Disaster Management Relief funding to the Province where drought relief is concerned.

6. COMMITTEE ADOPTION ON THE BILL

The Committee adopted this negotiating mandate duly signed by the Chairperson of the Committee, Hon N Maneng.

The Committee recommends to the House to mandate the Permanent Delegates to participate in deliberations at the negotiating stage and to **support** the Bill.

SIGNED ELECTRONICALLY

**HON N MANENG
COMMITTEE CHAIRPERSON**

Date: 24 November 2020