



# Limpopo Legislature

## OFFICE OF THE SECRETARY

**Physical Address:**

Lebowakgomo

Government Complex

**Postal Address:**

Private Bag X9309

Polokwane

0700

### NEGOTIATING MANDATE

**To** : The Chairperson: Select Committee on  
Appropriations

**Name of Bill** : Division of Revenue Bill

**Number of the Bill** : [B2-2023]

**Date of Deliberation** : 18 April 2023

**Vote of the Legislature** : Provincial NCOP Permanent Delegates  
to negotiate in favour of the Bill with  
recommendations.

  
.....  
HON. K.A PHALA

DATE: 24 April 2023

COMMITTEE CHAIRPERSON

(Consider it signed if submitted electronically)

Tel: (015) 633 5071 – Fax: (015) 633 8185/ 633 8119

# **NEGOTIATING MANDATE OF THE PORTFOLIO COMMITTEE ON PROVINCIAL TREASURY ON 2023 DIVISION OF REVENUE BILL [B2-2023]**

## **1. INTRODUCTION**

The 2023 Division of Revenue Bill 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 and to confer a negotiating mandate to NCOP Permanent Delegates.

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

The Bill seeks to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2023/24 financial year; the determination of each province's equitable share; allocations to provinces, local government and municipalities from national government's equitable share; the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.

## **3. CONSIDERATION OF THE BILL**

In a virtual meeting held on 18 April 2023, the Committee received a briefing on the 2023 Division of Revenue Bill by National Treasury. The Provincial Treasury and various stakeholders were invited to the briefing session.

Upon the briefing, Committee members, members of the public and various stakeholders were given the opportunity to input on the Bill.

## **4. BRIEFING BY NATIONAL TREASURY**

The Committee and all stakeholders were briefed about the increment/growth of transfers to national, provincial and local spheres of government. The briefing included substantive changes to the Bill which were effected on clauses dealing with the following: equitable division of local government share among municipalities, conditional grant allocation to provinces, duties of receiving officer in respect of infrastructure conditional allocations to provinces, expenditure in terms of purpose and conditions, stopping of allocations, payment requirements and liability for costs incurred in violation of principles of cooperative governance and international relations.

The Committee and all stakeholders were informed about discontinuation of emergency housing grant.

### **Transfers to provinces**

The Committee found that out of the total allocation of R695.072 billion to provinces, R567.528 billion was equitable share allocation and R127.544 billion was conditional grants allocation.

### **Provincial allocations**

In 2023/24 financial year, Limpopo Province received a total of R76.678 billion of which equitable share amounts to R65.349 billion and R11.329 billion for conditional grants.

Attendees were informed about the rescheduling of the funding iro Limpopo Central Hospital to align it with cash flow requirements. The rescheduling included baselines of R372 million, R432 million and R569 million over the 2023 MTEF period.

### **Local government allocations**

Limpopo local government equitable share amounted to R12.8 billion and conditional grants amounted to R6.9 billion.

## **5. INPUTS ON THE BILL**

The stakeholders welcomed the following:

- the calculations of the allocations which were based on recent data from Statistic South Africa (StatsSA) given the changing realities at community level as witnessed by reviews of IDPs in all municipalities.
- R8.1 billion added to the LGES to increase coverage of the provision of free basic services. This was viewed as critical in Limpopo as most of municipalities needed a lot of support. It meant increased accountability and consequences management.
- Allocation of over R1 billion in 2023/24 to subsidise the cost of councillor remuneration. A more longer-term solution will be to fund councillor remuneration from the fiscus as proposed to Parliament for several years.
- Reforms on integrated national electrification programme grant to assist in addressing the energy crisis.

### **Concerns**

- The Committee and the stakeholders shared similar sentiments on the concern regarding return of monies to National Treasury by municipalities that were struggling to spend which is a matter that requires government intervention.

- the costs of service delivery and ability to pay for services is impacted heavily by ever-escalating prices for bulk purchases.
- debt owed by sector departments remains a challenge.

## **6. RECOMMENDATIONS**

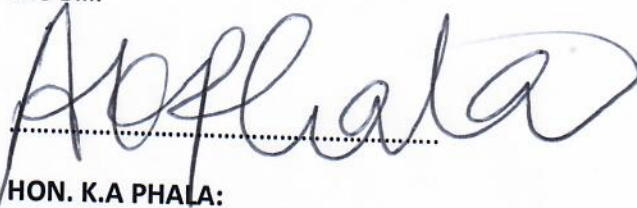
**It was recommended that:**

Government should develop a well-funded capacity building programme to assist municipalities. Further, to note that adequate planning would immensely assist municipalities with effective execution of infrastructure programmes.

- There is a need to review the estimates of the outer-years upwardly so that they can match the expectations of communities for a more faster pace of infrastructure delivery.
- National Treasury should find a way to transfer monies owed by provincial departments directly to affected municipalities.

## **7. NEGOTIATING MANDATE**

The Portfolio Committee on Provincial Treasury hereby confers a negotiating mandate to the National Council of Provinces' Permanent Delegates to negotiate in favour of the Bill.



.....

**HON. K.A PHALA:**

**CHAIRPERSON: PORTFOLIO COMMITTEE ON PROVINCIAL TREASURY**

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