



Northern Cape
Provincial Legislature

Portfolio Committee on Finance, Economic Development & Tourism

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Hon D Mahlangu
Chairperson: Select Committee on Appropriations

NEGOTIATING MANDATE

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

Number of the Bill: **B2 – 2023**

Date of deliberation: **Tuesday, 25 April 2023**

Vote of the Legislature: **The legislature votes in favour**

(Subject to consideration of the proposed amendments)

Hon G van Staden

Acting Chairperson: PC on Finance, Economic Development & Tourism

Date: 25 April 2023



PORTFOLIO COMMITTEE ON FINANCE, ECONOMIC DEVELOPMENT & TOURISM

NEGOTIATING MANDATE ON THE *DIVISION OF REVENUE BILL* [B2 – 2023]

1. INTRODUCTION

The *Acting* Chairperson of the Portfolio Committee on Finance, Economic Development & Tourism, Hon G van Staden, tables the Committee's Report on the ***Division of Revenue Bill*** [B2 – 2023], as adopted by the Portfolio Committee on Tuesday, 25 April 2023.

2. PROCESS FOLLOWED

- 2.1 The Speaker of the Northern Cape Provincial Legislature has on receipt of the Bill referred the ***Division of Revenue Bill, 2023*** to the Portfolio Committee on Finance, Economic Development & Tourism.
- 2.2 On the Thursday, 20 April 2023, the Portfolio Committee received a briefing on the Bill from Hon H Aucamp, NCOP Permanent Delegate, Ms Noxolo Mbambo, Mr Bongani Daka and Ms Pretty Mavhungu from National Treasury.
- 2.3 Public Participation processes that were facilitated:
 - 2.3.1 Hybrid public hearings have been scheduled in the Ruth First Auditorium (Frances Baard District), Kuruman (John Taolo Gaetsewe District), Pofadder (Namakwa and ZF Mgcawu Districts), and Carnarvon (Pixley Ka Seme District and Namakwa District) on Thursday, 20 April 2023.

2.3.2 A request was also forwarded to all stakeholders in all regions of the Province on Wednesday, 05 April 2023 for written submissions on the Bill.

3. WRITTEN SUBMISSION/S RECEIVED ON THE BILL

3.1 There were no written submissions received on the Bill.

4. STAKEHOLDER/PUBLIC RECOMMENDATIONS ON THE BILL

- 4.1 Consequence management should be strongly adhered to when funding allocated to municipalities are surrendered back to National Treasury due to non-spending.
- 4.2 There are still shortages of ambulances, staff and doctors in especially areas like Dawid Kruiper and Namakwa with the vast areas and more funds need to be allocated to assist in this regard.
- 4.3 Severe vandalism occurs at schools during loadshedding and it is requested that more funding is availed for more security at schools.
- 4.4 There is a severe outcry against drugs due to illegal immigrants and it is requested that more funding should be availed to curb illegal entry of immigrants.
- 4.5 Grave concerns were also raised that the Northern Cape is in a constant state of natural disasters that occurs and it is requested that sufficient funding must be immediately available as soon as any natural disaster occurs.
- 4.6 The Northern Cape is one of the biggest GDP contributors in respect of the mining sector, yet capital projects are not sufficiently benefitting the rural areas in the Northern Cape and it must thus be ensured that rural areas are benefitting in social and labour plans of Public Private Partnerships.
- 4.7 The fact that Sport, Arts and Culture is combined, disadvantages the Arts and Culture component in that it is not adequately funded and it does not only consist of libraries that

must be funded. The Arts and Culture component must receive the necessary allocations as well.

- 4.8 There is not sufficient budget allocations to benefit the youth and retain their skills in the Province, especially in terms of artisanal training from Grade 9. Sufficient budget should be availed to train youth in artisanal forms that can enable retention of these skills in the Province as well.
- 4.9 The youth is also disadvantaged in that they do not really receive their own funding in respect of SMME assistance, nor are they allowed to run these funds for themselves. In future, more funding should be allocated to youth in respect of SMME assistance and the authority to manage these funds.
- 4.10 The division of revenue does not address the financial and service delivery challenges in the rural areas of the Province due to its extensive vastness. These challenges should be taken seriously in the distribution of funding.
- 4.11 The country is faced with constant water crisis and the division of revenue bill must take into consideration that funding will be required for borehole and other methods of sourcing water.
- 4.12 Crime is rife in the country and there is not sufficient budget and police, nor do the police have the powers to fight crime adequately. It is requested that through the division of revenue bill, more funding is allocated in this respect in an attempt to curb crime in the country.

5. STAKEHOLDER/PUBLIC POSITION ON THE BILL

- 5.1 The stakeholders and public voted in favour of the Bill subject to their inputs.

6. COMMITTEE RECOMMENDATIONS ON THE BILL

- 6.1 Although there are processes in place in reviewing the Equitable Share formula to address challenges in the Province, the Committee is still faced with grave concern that there is not sufficient allocations to the Province considering its vastness and challenges due to it. This is clear in the face of a neighbouring Province receiving double the funding comparatively.

The following is thus recommended:

- 6.1.1 Due consideration must be given to disparities between provinces that may affect service delivery, especially as it pertains to the geographical size and rural nature of the Northern Cape in comparison to other provinces.
- 6.1.2 The vastness of the Province really disadvantages the poorest of the poor and in the review of the Provincial equitable share, this factor must be a crucial consideration.
- 6.1.3 Furthermore, consideration must be given to just energy transition in the Province and taken advantage of by allocating more funding to the Province.

- 6.2 Roll-overs from municipalities in the current economic conditions cannot be afforded.

The following is thus recommended:

- 6.2.1 National Treasury and COGHTA must strengthen mechanisms that will ensure that municipalities spend funding.

- 6.3 It is welcome to note that the Sol Plaatje Local Municipality in the Frances Baard district will be allocated R86 million in the 2023/24 financial year, R492 million in the 2024/25 financial year, and R574 million in the 2025/26 financial year through the Budget Facility for Infrastructure (BFI) to refurbish and renew old water supply infrastructure. Refurbishments are sorely needed, considering the dilapidated state of infrastructure.

The following is however recommended:

- 6.3.1 More insight is needed into the business plans, strategies and capacity that will be used by the Sol Plaatje Local Municipality in the budgeting and spending of

these funds. Significant amounts of funding, from various sources, are already committed to this municipality for upgrades to infrastructure and yet it seems as if progress is very slow.

- 6.3.2 There must be greater accountability and scrutiny of the municipal plans, especially as it pertains to the supply chain management processes.
 - 6.3.3 Oversight over municipal accounts must be strengthened to ensure that value for money is achieved.
- 6.4 It is concerning to note that there is no provision in the outer years (2024/25 and 2025/26) for the Water Services Infrastructure Grant.
- It is recommended:
- 6.4.1 Through the division of revenue amendment bill allocations are made to the Water Services Infrastructure Grant in the outer years (2024/25 and 2025/26).
- 6.5 The Committee also reiterates grave concerns that the Northern Cape is in a constant state of natural disasters that occur whereas the Municipal Disaster Response is not spent with numerous farmers not having received funding either. It is also quite cumbersome to follow a disaster management application process nationally, whilst there is an immediate need for relief.
- It is recommended:
- 6.5.1 That sufficient funding is already available in the Province when any natural disaster occurs to eliminate waiting periods when an immediate need for relief exists.
 - 6.5.2 Measures should also be strengthened to ensure that disaster funding is spent.
- 6.6 The Committee further recommends that all concerns raised by stakeholders above are taken into consideration in the Bill.

7. COMMITTEE POSITION ON THE BILL

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

8. COMMITTEE ADOPTION ON THE BILL

The Committee adopted this negotiating mandate duly signed by the *Acting* Chairperson of the Committee, Hon G van Staden.

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



HON G VAN STADEN

ACTING COMMITTEE CHAIRPERSON

Date: 25 April 2023