



# EASTERN CAPE PROVINCIAL LEGISLATURE

## PORTFOLIO COMMITTEE ON FINANCE AND PROVINCIAL EXPENDITURE

Tel: 040 6091543 / 066 4749787

Fax: 086 734 4803

E-mail: [tmdledle@ecleg.gov.za](mailto:tmdledle@ecleg.gov.za)

Date: 22 November 2023

Enquiries: Ms T Mdledle

Ref: DoR Amendment Bill

### NEGOTIATING MANDATE

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

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

**Number of Bill** : **[B 33—2023]**

**Date of Deliberation** : **24 November 2023**

### Vote of the Legislature

The Committee designated by the Legislature supports the Division of Revenue Amendment Bill [B2-2023] and mandates the Eastern Cape Permanent Delegate to the NCOP to vote in favour of the Bill. The Province, however, has the following comments:

- (a) We must reiterate the concern with respect to the equitable share formula which does not take into account more of rural parts in the Province. Secondly, the absence of equitable share formula amongst the three spheres of government is still a concern.
- (b) With regard to sections 18 and 19 of the Division of Revenue Act of 2023 which refers to the stopping and reallocation of funds, the shifting of conditional grants needs to be reconsidered to make sure that the funding is not taken from provinces without the conditional grants funding having addressed the purpose it was allocated for in the particular year.
- (c) When funds are re-allocated away from provinces it will deprive the province in speedily addressing service delivery issues such as the emergencies in cases of the disaster grant. The funds that are underspent on conditional grants should be rescheduled to the following year to allow for the projects to be completed especially these projects that are committed for completion by departments. In addition, it is unclear how the funds are utilised by other provinces that receive the unspent

conditional grant funds given the late transfer of funds which is late in the financial year.

- (d) Similarly, for public transportation, the conditional grant funding has favoured the metropolitan councils, for example the Bus Rapid Transit System (BRT). National Treasury should review the grant funding model and consider local municipalities as there is increasing demand of public transport in these municipalities.
- (e) Regarding unspent conditional grants at local government level and in particular, the Municipal Infrastructure Grant (MIG), it is recommended that the funds should be transferred or redirected within the district (for local municipalities) whereby the current expenditure is in line with projections or planned service delivery.
- (f) Reduction of Municipal Infrastructure Grant (MIG) direct grant by R244 million is affecting all municipalities in the province except metros. Though we understand the Fiscal consolidation being the main reason, it should be noted that Eastern Cape is one of the poorest provinces and requires funding to address service delivery.



**HON. N NDABENI (MPL)**  
**CHAIRPERSON OF PORTFOLIO COMMITTEE**  
**ON FINANCE AND PROVINCIAL EXPENDITURE**

**24 November 2023**

**DATE**