



**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: **B4 – 2024**

Date of deliberation: **Tuesday, 23 April 2024**

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

**(Subject to consideration of the proposed amendments)**

A handwritten signature in black ink, consisting of several loops and strokes, enclosed in a hand-drawn oval.

**Hon N Maneng**

**Chairperson: PC on Finance, Economic Development & Tourism**

**Date: 23 April 2024**



## PORTFOLIO COMMITTEE ON FINANCE, ECONOMIC DEVELOPMENT & TOURISM

### NEGOTIATING MANDATE ON THE *DIVISION OF REVENUE BILL [B4 – 2024]*

#### 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 Bill [B4 – 2024]*, as adopted by the Portfolio Committee on Tuesday, 23 April 2024.

#### 2. PROCESS FOLLOWED

2.1 On the Thursday, 18 April 2024, the Portfolio Committee received a briefing on the Bill from Hon H Aucamp, NCOP Permanent Delegate, Ms Noxolo Mbambo, Ms Zethu Ncube, Mr Pindokuhle Mnyaka, Ms Ellelwang Matlali, and Ms Pretty Mavhungu from National Treasury.

2.2 Public Participation processes that were facilitated:

2.2.1 Hybrid public hearings have been scheduled in the Legislature Chamber (Frances Baard District), Kuruman (John Taolo Gaetsewe District), Namakwa District, Upington (ZF Mgcawu district), and Douglas (Pixley Ka Seme District) on Thursday, 18 April 2024.

2.2.2 A request was also forwarded to all stakeholders in all regions of the Province on Wednesday, 10 April 2024 for written submissions on the Bill.

2.2.3 Posters on official social media pages of the Legislature.

#### 3. WRITTEN SUBMISSION/S RECEIVED ON THE BILL

Written Submissions were received from:

- 3.1 Mr Mthobeli Kolisa – *Acting* Chief Executive Officer: SALGA (dated 16 January 2024)
- 3.2 Mr Sithole Mbanga – Chief Executive Officer: SALGA (dated 28 August 2023)

#### **4. STAKEHOLDER/PUBLIC RECOMMENDATIONS ON THE BILL**

- 4.1 The budget allocations to Local Government are very little compared to the other spheres of government, yet there are still decreases in the allocated funds in the Bill. The allocations to Local Government must be increased.
- 4.2 Additional funding should be allocated to develop skills and capacity of Management at Local Government in respect of financial and budget management to avoid any fiscal leakages and funds being surrendered to National Treasury.
- 4.3 Funding must also be allocated to develop skills and capacity of Management at Local Government to adequately manage disasters.
- 4.4 The Equitable Share formula should not be reliant on the Stats SA (Census) statistics as it is outdated and not addressing the real numbers in the Province. In addition, towns are exponentially growing bigger with more citizens, yet the Local Government Equitable Share projections marginally increases over the MTEF. National Treasury must make use of other updated information in addition to other considerations in the Equitable Share formula.
- 4.5 The allocations to Local Government, in particular Magareng Local Municipality's allocations over the MTEF is not congruent with equitable allocations compared to other municipalities. The allocations in the 2025/26 financial year increases slightly but reduces again in 2026/27 to almost the same allocation as in 2024/25. National Treasury must ensure that there are equitable allocations to municipalities.

#### **5. STAKEHOLDER/PUBLIC POSITION ON THE BILL**

- 5.1 The stakeholders and public voted in favour of the Bill.

#### **6. COMMITTEE RECOMMENDATIONS ON THE BILL**

- 6.1 The Committee again notes with concern year on year that immediate disaster relief funding is not made available for rural Provinces like the Northern Cape that does not have adequate funding in the event of a disaster. The declaration process of such disasters is also very time consuming and does not assist. This relates to ad-hoc disasters as well for example veld fires that has serious repercussions.

The following is thus recommended:

- 6.1.1 National Treasury must develop a plan to address the funding allocation to Provinces specifically to address disasters immediately as and when they occur. This is imperative, as very rural provinces does not have adequate budgets to reprioritise funding for disasters.

- 6.2 It is concerning that funding is constantly not adequately planned and allocated, subsequently requiring funds that must be redirected to address the Public Service wage increases in especially the Health and Education sectors. The redirection of funds has a negative bearing on the delivery of services to the poorest of the poor.

The following is thus recommended:

- 6.2.1 Adequate planning and budgeting must be implemented going forward to ensure that funds are available to cover additional costs relating to wage negotiations in the Health and Education sectors.

- 6.3 Debt service cost grows at an alarming rate of 7.3% currently and resulted in the reduction of the provincial equitable share at R19.6 billion yielding less services being delivered in especially the vast areas in the Northern Cape and other rural provinces.

The following is thus recommended:

- 6.3.1 Although noting the stringent fiscal conditions, Provincial Equitable Share allocations should be protected against the rising debt service cost, and this should be provided for in the 2024 Division of Revenue Amendment Bill. Especially the Northern Cape must be cushioned from further cuts as the reductions will in effect leave the Province crippled.

- 6.4 The reduction in Conditional Grant allocations at Local Government level to address other government priorities is very concerning as projects suffer as a result as well as economic growth.

The following is thus recommended:

- 6.4.1 National Treasury and Provincial Treasury must oversee all Departments to ensure that programmes and plans are adequately budgeted for to avoid Conditional Grant allocations to Local Government being reduced.

## **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 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.



**HON N MANENG**  
**COMMITTEE CHAIRPERSON**

**Date:** 23 April 2023