

Report of the Standing Committee on Budget and Money Bills dated 23 April 2024 as follows:

1. ***Terms of reference***

The terms of reference of the Committee were to consider the **Division of Revenue Bill [B4-2024]**, which was referred by the National Council of Provinces to the Eastern Cape Provincial Legislature, solicit public inputs on the Bill and consolidate the Province's Negotiating Mandate and report to the House.

2. ***Method of Work***

The Committee conducted Virtual Public Hearings on 22 April 2024.

3. ***Public Consultation and Education***

The Committee invited stakeholders to participate in the public hearing and to make written submissions. The stakeholders included local and district municipalities, Eastern Cape Chamber of Commerce and its branches, Provincial Treasury, Office of the Premier and all Provincial Departments. Stakeholders who attended the Public Hearing were +- 50

The Committee conducted desktop/email notifications of stakeholders in all District Municipalities and Metros including Cosatu and business chambers in the province. The Committee's publicity on the Bill was also done using social media.

Twitter and Facebook:

- Public notice and a call for written submissions on the Bill were made using Twitter and Facebook accounts of the Legislature.

4. ***Public Hearings***

- **The Bill was supported but the following concerns were raised: -**
 - Stakeholders raised concerns that the Division of Revenue Bill seems not to mention Small, Medium and Micro Enterprises. (SMMEs)
 - Stakeholders also raised that clarity is needed on how the province is addressing the issue of fiscal consolidation and managing state debt.
 - Stakeholders also commented that the Smart Meters Grant may have a positive impact on revenue collection in municipalities.

- Stakeholders wanted to know interventions made to support job creation in the manufacturing and agricultural sectors in the province.
- Changes to Clause 25 on new allocations during financial year and Schedule 7 allocations relating to funds must be transferred within a 100 days after the date of the classification of a disaster and the empowerment of the National Disaster Management Centre to stipulate timeframe within which Schedule 7 allocations must be spent within relevant financial year, are most welcome to the Province.
- With respect to the R1.1 billion reprioritisation of the ECD grant the Province hopes this will address the challenges in ECD as these funds are reprioritised to national government over the medium term as the nutrition support programme and result-based service delivery model will be implemented by national government.
- Reference to the State Liability Bill as a solution when requests for additional funding to address medico-legal claims is partially acceptable to the Province. Whilst the legal implication of the retrospective application of the Bill in regard is understandable, the challenge faced by the Province is current and on-going.
- 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.

WRITTEN SUBMISSION

There were no written submissions received by the Committee.

Signed by:



HON. T. DUBA

CHAIRPERSON: STANDING COMMITTEE ON BUDGET AND MONEY BILLS.

23 APRIL 2024

DATE