



## **NORTH WEST PROVINCIAL LEGISLATURE**

# **PORTFOLIO COMMITTEE ON PREMIER, FINANCE, COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**

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## **COMMITTEE REPORTS**

### **REPORT ON THE DIVISION OF REVENUE BILL [B 4 – 2024]**

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## **ACRONYMS**

MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MIG	Municipal Infrastructure Grant
NCOP	National Council of Provinces
NW	North West
NWPG	North West Provincial Government
PES	Provincial Equitable Share
PFMA	Public Financial Management Act

## **1. INTRODUCTION**

The Legislative authority of a province is vested in its Provincial Legislature, and confers on the Provincial Legislature the power to pass for its province with regard to any matter within a functional area listed in Schedule 4 and Schedule 5 of the Constitution, as per Section 104. It is on this premise that the Portfolio Committee on Premier, Finance, Cooperative Governance, Human Settlements and Traditional Affairs held a Public Hearing on the Division of Revenue Bill [ B4 – 2024] to solicit inputs from the public and stakeholders into the Bill.

The *Constitution of the Republic of South Africa 1996* and the *PFMA 1999* creates a basis on which oversight by Legislatures should be accomplished.

## **2. PROCESS FOLLOWED**

The Division of Revenue Bill [B4 - 2024] was formally referred by the Speaker, Honourable S.R. Dantjie to the Portfolio Committee on Premier, Finance, Cooperative Governance, Human Settlements and Traditional Affairs for consideration and reporting.

The Portfolio Committee then received a presentation from the NCOP Permanent Delegate and National Treasury on the Division of Revenue Bill [B4 - 2024] through a virtual meeting held on 18 April 2024. Following a briefing, the Committee embarked on Public Hearings throughout the province on 19 April 2024 held as follows; Ngaka Modiri Molema District (Thutlwane Community Hall – 324), Bojanala District (Moretele Municipal Hall - 252), Dr Ruth Segomotsi Mompati District (Kismet Community Hall – 205) and Dr Kenneth Kaunda District (Trimpark Hall - Potchefstroom – 207). A total of 988 people was reached in various districts of the Province.

## **3. OBJECTIVE OF THE DIVISION OF REVENUE BILL [B4 - 2024]**

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2024/25 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.

#### 4. PRESENTATION BY NCOP PERMANENT DELEGATE ON THE DIVISION OF REVENUE BILL [B4 - 2024]

The 2024 budget amounts to R2.1 trillion of which:

- ✓ The National allocation amount to R1.43 trillion;
- ✓ The Provincial allocation amount to R600.5 billion; and
- ✓ The Local Government allocation amount to R101.2 billion.

#### The 2024 Provincial Equitable Share (PES)

- The 2023 MTBPS announced that Provinces would receive an additional allocation of R68.2 billion over the 2024 Medium Framework (MTEF) period.
  - This is to account for the carry-through cost of implementing the 2023 Public Service Wage Agreement, particularly in the Education and Health sectors.
- However, it will now be disbursed as follows:
  - R64.2 billion will be disbursed to the Provinces through the PES formula; and
  - R3.9 billion will be disbursed through the Education and Health Conditional Grants to fund employee compensation.

The North West Province receives a total of R52.1 billion in 2024/25, of which:

- The Equitable Share allocation amount to R42.8 billion, and
- Conditional Grant transfers amount to R9.3 billion.

Province R'million	Equitable Share 2024/25	Conditional Grants 2024/25	Total Transfers 2024/25	Equitable Share 2025/26 est	Equitable Share 2026/27 est
North West	42 816	9 284	52 100	44 882	47 109

#### North West Conditional Grant Transfers - allocations per Grant for 2024/25

NW Province R'000	2024/25 Allocation
Education Infrastructure Grant	1 304 034
National Tertiary Services Grant	434 394
Provincial Roads Maintenance Grant	1 567 433
Public Transport Operations Grant	142 587
Comprehensive Agricultural Support Programme Grant	192 437
Ilima/Letsema Projects Grant	53 521
Land Care Programme Grant: Poverty Relief and Infrastructure Development	9 449
Early Childhood Development Grant	143 198
HIV and AIDS (Life Skills Education) Grant	16 202
Learners with Profound Intellectual Disabilities Grant	21 795
Maths, Science and Technology Grant	42 594
National School Nutrition Programme Grant	664 104

NW Province R'000	2024/25
District Health Programmes Grant	1 863 030
Health Facility Revitalisation Grant	705 561
Human Resources and Training Grant	275 019
National Health Insurance Grant	32 960
Human Settlements Development Grant	1 256 908
Informal Settlements Upgrading Partnership Grant for Provinces	299 236
Expanded Public Works Programme (EPWP) Integrated Grant for Provinces	34 906
Social Sector Expanded Public Works Programme (EPWP) Incentive Grant for Provinces	18 499
Community Library Services Grant	155 383
Mass Participation and Sport Development Grant	50 978

#### Largest Grant transfers to the North West over the 2024 medium term

- The *District Health Programmes Grant* accounts for the largest transfer to the North West Province over the 2024 medium term at R5.72 billion, followed by the:
- The Education Infrastructure Grant at R3.90 billion;
- The Human Settlements Development Grant at R3.88 billion;
- The Provincial Roads Maintenance Grant at R3.83 billion;
- The National Schools Nutrition Programme Grant at R2.06 billion; and
- The Health Facility Revitalisation Grant at R1.96 billion.

#### Reductions to Conditional Grants

- A reduction of R176 million is made to the Education Infrastructure Grant baseline in 2024/25. A total reduction of R612 million over the 2024 MTEF.
- A reduction of R445 million is made to the Provincial Roads Maintenance Grant baseline in 2024/25. A total reduction of R2.7 billion over the 2024 MTEF.
- A reduction of R36 million is made to the Comprehensive Agriculture Support Programme Grant baseline in 2024/25. A total reduction of R179 million over the 2024 MTEF.
- A reduction of R200 million is made to the Ilima/Letsema Projects Grant baseline in 2024/25. No additional reductions are proposed over the latter two years of the 2024 MTEF.

## 5. PRESENTATION BY NATIONAL TREASURY ON THE DIVISION OF REVENUE BILL [B4-2024]

### CHANGES TO PROVINCIAL EQUITABLE SHARE ALLOCATIONS

#### Reductions

To respond to fiscal pressures, the provincial equitable share is reduced by R19.6 billion in 2024/25, R20.6 billion in 2025/26 and R21.3 billion in 2026/27.

#### Reprioritisations and additions

- The 2023 MTBPS announced an additional R68.2 billion to cover the carry-through cost of 2023 public-service wage agreement for education and health.
- R3.9 billion has since been redirected to the provincial conditional grants in these two sectors that fund employee compensation.
- R136 million has been redirected to the conditional grants in the education sector and R3.8 billion to the conditional grants in the health sector.
- Remaining R64.2 billion remains in the provincial equitable share and is allocated to provinces through the equitable share formula.
- A further R37.3 billion has been added to the provincial equitable share over the MTEF, mainly for education and health, to continue to support provinces with the cost pressures emanating from the public-service wage agreement.

### CHANGES TO PROVINCIAL CONDITIONAL GRANTS

#### Reductions

- To respond to fiscal pressures, provincial conditional grants are reduced by R26.8 billion over the MTEF
- Reductions amount to R6 billion in 2024/25, R9 billion in 2025/26 and R11.8 billion in 2026/27.

#### Reprioritisations

- R1.1 billion was previously added to the Early Childhood Development Grant to pilot a nutrition support programme and a result-based service delivery model.
- 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.

- R737 million is shifted from National Health Insurance Grant to the National Tertiary Services Grant, to allow for the funding of oncology services to be consolidated under a single conditional grant.
- To improve the management of the National Health Insurance Indirect Grant, the Personal Services component and the Non-Personal services component have been merged to form a new Health Systems Component.

## **6. DELIBERATION BY THE PORTFOLIO COMMITTEE**

6.1 The Committee sought clarity on the reduced appropriation to the province ,what informed this.

## **7. ADVERTISING OF THE BILL**

Stakeholders and communities were requested to submit written inputs.

Advertisements were posted on;

- North West Provincial Legislature Facebook page, North West Provincial Legislature Twitter handle  
*Regional newspapers*
- The Mail, Klerksdorp Record and Rustenburg Herald  
*Community newspapers*
- Ntsae Media (business INC and News fact) GIS Media, Ratlou News, Lekwa-Teemane Tribune, Molopo News and Tlhabane News, Taung Daily News, Tabea News, Mmega wa Dikgang.

Advertisements were broadcast on;

*National radio stations*

- Motsweding FM, SA FM and RSG FM

*Community radio stations*

- YOU FM, Mafikeng FM, Bophirima FM, Vaaltar FM, Kopanong FM, Star FM, Moretele FM, Mafisa FM and Bojanala FM.



## 8. PUBLIC INPUTS/CONCERNS

After the presentation by the Portfolio Committee, the public raised the following concerns;

### 8.1 DR KENNETH KAUNDA DISTRICT

- 8.1.1 Despite the Department of Agriculture's primary mission being to ensure food security, the department's budget has been reduced, an increase on the said budget is suggested.
- 8.1.2 A great concern was raised regarding the Department of Human Settlements budget allocation , it has been reduced as compared to the previous year, considering blocked houses in the province, the budget should be increased.
- 8.1.3 RDP houses are being built on top of clay and always flooding.
- 8.1.4 There are inadequate roads in Maquassi Hills, this is a great concern.
- 8.1.5 A concern was raised that since 2019, an area of houses was built in Maquassi Hills to date, it is incomplete and the quality of houses are very poor, during the rainy season they become flooded.
- 8.1.6 There is no monitoring and evaluation done after budget allocations, pre-engagement has been requested previously,
- 8.1.7 A concern was raised that Bills are so technical and difficult to understand, how will public participation be valuable.

### 8.2 DR RUTH SEGOMOTSI MOMPATI DISTRICT

- 8.2.1 The presentation did not do justice for the audience as it was not on their level and not explanatory to enable them to understand the details of the Bill , to engage and make a decision on adopting. Too many terms are used for example, equitable share, MIG, MTEF and so forth, which an ordinary resident will not understand without proper explanation.
- 8.2.2 Lekwa-Teemane is getting a small allocation, the reasons are not explained in IDP documents.
- 8.2.3 What influences DORA and allocations to municipalities and Provinces
- 8.2.4 Funds that are not utilised by the province and departments is shameful, should not be allowed to happen.

- 8.2.5 NW Province Allocation - in 2024 the allocation for Public Works is (53million) –The department should ensure that with the fund provincial and local roads are maintained.
- 8.2.6 Kagisano – Molopo Local Municipality has an upper hand on Public Works & Roads EPWP Programme Lekwa-Teemane Local Municipality should take example from them, by extending EPWP Programme to eliminate unemployment.
- 8.2.7 The community appreciates the work done by EPWP and Public Works in Taung and Kagisano Molopo for maintaining roads after adjustment of funds
- 8.2.8 In Lekwa Teemane Local Municipality there is a place called Brixton where learners need scholar transport and it has been a while requesting this. Intervention is needed through the allocation provided, therefore the community requests that funds should be allocated to the Department of Community Safety & Transport to assist these learners with scholar transport.
- 8.2.9 Equitable share plays a very significant role and residents should register, to make sure that the equitable share increases, as population increases, equitable share increases.
- 8.2.10 Certain processes should have happened before the day of presenting the Bill, for example provision of documentation to enable proper engagement.
- 8.2.11 Allocation for Greater Taung Local Municipality has been increased for 2024, funds though are being used wrongly. Officials carry out training that is agriculture related, which are funded but no proper accreditation is being done, certificates are not being given to attendants to enable them to do anything with the training acquired.
- 8.2.12 Municipality officials should attend public hearings to hear for themselves on the allocations and account on how they utilise funds.
- 8.2.13 How is it ensured that before budget speeches are done, all stakeholders, including municipalities and Provincial departments report on how funds were utilised and audited by the Auditor General.
- 8.2.14 What are the measures taken by the Auditor General when municipalities do not spent on budgets as allocated,

- 8.2.15 The budget allocation is appreciated, it was requested that Provincial Treasury should ensure that residents get proper service delivery in 2024.
- 8.2.16 Tshoseng and Lerung roads are not in good condition, in 2023 the residents raised the issue.
- 8.2.17 With regards to agriculture, communities do not benefit anything. Youth are taken for training on agriculture, are given certificates but there is no follow up to ensure that those skills are developed.
- 8.2.18 There is no disaster management even though funds are allocated.
- 8.2.19 All departments and municipality officials should get workshopped on how to use funds that are allocated.
- 8.2.20 When funds are allocated to municipalities, it must be a requirement to present business plans prior to funds been given people, often they get a lot of money and use it irresponsibly.
- 8.2.21 Legislature always comes for Bills but do not bring relevant stakeholders, for example, municipalities to account this causes conflict.
- 8.2.22 The EPWP Programme has funds allocated, though it is not clear how the funds are utilised. Funds are allocated for roads, though in Taung they are in bad condition.
- 8.2.23 The water services grant – it seems there is no allocation for 24/25 , it explains why North West is struggling with providing water to communities, municipalities are not at fault as they were not given funds.
- 8.2.24 There are funds allocated for public works , people get tenders but do not pay employees for example in grass cutting and tree falling , there is no government intervention when people are not being paid by service providers
- 8.2.25 The road conditions in Tshoseng are bad.
- 8.2.26 In Pudimoe the roads are in bad condition, taxis struggle to access the roads.

- 8.2.27 Human Settlement – There are disaster houses in areas like Kagisano-Molopo which are not roofed but funds were returned unused. How are funds returned when there is no service delivery and there are unfinished projects
- 8.2.28 The community requests government to monitor funds allocated to municipalities that are not utilised.
- 8.2.29 There should be accountability and feedback on how funds are being utilised.
- 8.2.30 The community raised a concern that money has been allocated for the EPWP Programme but employees are not paid.

### **8.3 BOJANALA PLATINUM DISTRICT**

- 8.3.1 The community welcomed provisions of the Bill, which talks to new smart water meters, this will benefit communities, given that currently communities are billed higher amounts, whereas there are normally water supply interruptions.
- 8.3.2 High levels of unemployment affects the status of revenue collection by various government sectors, given that most communities are Indigents and depend on government grants.
- 8.3.3 A concern was registered on the utilisation of the Equitable Share Formula by municipalities, which is irregular and does not respond to community needs.
- 8.3.4 Communities wanted to know how Provincial Treasury monitors the utilisation of the allocated budget, as a way of ensuring that funds are utilised efficiently and enormously and avoid the underspending on infrastructure projects.
- 8.3.5 The Provincial Treasury must enforce and intensify accountability and consequence management, on the allocations and utilisation of the budget by provincial departments and various municipalities.
- 8.3.6 Statistics of corruption cases are opened, yet there is no progress made on them.
- 8.3.7 Communities wanted to know if there are allocations aimed towards empowering ward Committees in various municipal wards.
- 8.3.8 Budgets are allocated, yet there are no services like sports facilities and libraries, in varying wards in local municipalities.

#### **8.4 NGAKA MODIRI MOLEMA DISTRICT**

- 8.4.1 The Public Hearing was cancelled due to the Leader of Delegation being absent, Hon Members present were not willing to chair the Public Hearing.

#### **9. ADOPTION OF THE BILL**

Three districts with the exception of Ngaka Modiri Molema voted in support of the Bill.

#### **10. RECOMMENDATION BY THE PORTFOLIO COMMITTEE**

The Committee recommends that;

- 10.1. Provincial government needs to ensure that reduced funds for Infrastructure Grants are spent accordingly.
- 10.2 The Provincial Equitable Share Formula take into cognisance that the North West is a rural province, it be given that leverage when appropriations are allocated.
- 10.3 The Department of Education and the Department of Agriculture & Rural Development in the North West have not spent respective conditional grants. National & Provincial Treasuries monitor departments closely in the North West so that conditional grants are spent.

## **11. ACKNOWLEDGEMENTS**

The Chairperson of Committee thanked all the present Members for their commitment to the oversight process of the Division of Revenue Bill [B 4 – 2024].

The Chairperson of Committee would also like to thank the support staff for contributing in compiling this report.

## **12. ADOPTION OF THE REPORT**

The Portfolio Committee recommends that the House approve the passing of the Division of Revenue Bill and mandate the North West Permanent Delegate in the National Council of Provinces to vote in support of the Division of Revenue Bill [B 4 – 2024] as tabled by the Minister of Finance.

I present to this House, the report of the Portfolio Committee on Premier, Finance, Cooperative Governance, Human Settlements and Traditional Affairs for consideration and adoption.



**HON. A. MOTSWANA**  
**CHAIRPERSON: PREMIER, FINANCE, COOPERATIVE GOVERNANCE,**  
**HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**

28/4/24 -  
DATE



**NORTH WEST PROVINCIAL LEGISLATURE**

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Dr James Moroka Drive  
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**NEGOTIATING MANDATE**

TO : HON. D.G. MAHLANGU  
CHAIRPERSON OF SELECT COMMITTEE ON  
APPROPRIATIONS

NAME OF BILL : DIVISION OF REVENUE BILL

NUMBER OF BILL : B 4-2024

VOTE OF THE LEGISLATURE : THE PORTFOLIO COMMITTEE ON PREMIER, FINANCE,  
COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS  
AND TRADITIONAL AFFAIRS VOTES IN FAVOUR OF THE  
BILL WITH PROPOSED AMENDMENTS.

  
HON. A. MOTSWANA  
CHAIRPERSON, PREMIER, FINANCE, COOPERATIVE  
GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS

23/04/24  
DATE



**NORTH WEST PROVINCIAL LEGISLATURE**

**PROPOSED AMENDMENTS**

Chapter 4 of the Bill

1. Owing to historical backlog with housing in the North West province, it is therefore proposed that National Treasury to consider increasing Human Settlement Grant to address these deficiencies.
2. Naturally, North West province is vastly rural and heavily reliant on the Agriculture Sector. The reduction made will negatively affect food security. It is proposed that National Treasury must consider future increased this allocation to protect and enhance food security.

  
HON. A. MOTSWANA

CHAIRPERSON: PREMIER, FINANCE, COOPERATIVE  
GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS

23/04/24  
DATE