



## **PORTFOLIO COMMITTEE ON PUBLIC ACCOUNTS & FINANCE**

### **NEGOTIATING MANDATE**

**To:** Chairperson of the Select Committee on Appropriations

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

**Number of Bill:** B3-2020

**Date of Deliberation:** 12 May 2020

### **VOTE OF THE LEGISLATURE:**

The Portfolio Committee on Public Accounts and Finance as designated by the Free State Legislature with the following concerns:

1. Withholding of the conditional grants is inappropriate as the victims are the intended beneficiaries in the unemployed, the poorest of poor, the indigent who suffer from the lack of service delivery due to the withheld funds.
2. The municipalities in the rural areas are not economically viable and don't have a reliable and consistent source of revenue as a result it is imperative that their allocations be increased if they are to be functional and deliver the desired service.
3. In certain cases, municipalities are expected to perform unfunded mandates and this result in financial constraints and sometimes failure to deliver on these mandates.
4. In view of the drought experienced in the Free State in recent times, National Treasury could not indicate if and how much money has been made available for drought relief in the Free State, especially for emerging, subsistence and commercial farmers to ensure food security. DORA must be amended to adequately provide for the drought disaster that has plagued the Free State over the last couple of years.



5. The formula for allocation of funds must be reviewed to take into cognizance the issue of poverty index per province as Free State is the second poorest province in the country and accordingly needs more funds.
6. The Portfolio Committee is not in support of the Dissolution of the Title Deeds Restoration grant which is going to be discontinued.
7. National Treasury must consider granting special allocation for Provinces with challenges of water supply services e.g. Fika Phatsoa in Maluti-A-Phofung Local Municipality.
8. In the light of the envisaged district model approach there is a need to review allocation for district municipalities for them to perform the expected role to support and coordinate the local municipalities in their respective districts.
9. A consideration for a Special Purpose Grant focusing on strengthening District Services Model Municipalities should be considered to ensure sustainability of Category C municipalities where all trading functions are assigned to Category B.
10. Consider a special category of Local Government Funding or under Division of Revenue allocation to deal with Municipalities placed under Section 139 of the Constitution.
11. Consideration of instituting strict Consequence Management on non-spending of conditional grants by both Departments and Municipalities than withholding the grants.
12. The centrality of the Province in the country puts a strain on the infrastructure as most of the transportation have to go via the province and add to maintenance costs of the budget accordingly there is a need for special allocation to cover this costs..



The Portfolio Committee votes in favour of the Bill.

A handwritten signature in dark ink, appearing to be 'V.W. Tshabalala', is written over a horizontal line.

**HON. V.W. TSHABALALA**  
CHAIRPERSON OF PORTFOLIO COMMITTEE ON PUBLIC ACCOUNTS & FINANCE  
FREE STATE LEGISLATURE

19 May 2020