



EASTERN CAPE PROVINCIAL LEGISLATURE

Independence Avenue
Private Bag X0051
Bhisho
5605

Tel: (040) 508 0081 / 0824481208
Fax: (040) 836 4922

Date: 02 March 2009

Enquiries: I Netshitumbu
Email: inetshitumbu@ecleg.gov.za

PORTFOLIO COMMITTEE ON FINANCE

Negotiating Mandate on the Division of Revenue Bill [B4-2009]

1. ***Terms of reference***

The Division of Revenue Bill [B4/2009], hereinafter referred to as the Bill, was referred by the NCOP Business Committee to the Portfolio Committee on Finance for consideration.

2. ***Consideration of the Bill***

In considering the Bill, the Committee conducted public hearing on the 2nd of March 2009 where all the Municipalities in the Province, National and Provincial treasury and Chairpersons of various Portfolio Committees were invited.


3. ***Mandate of the Committee***

The Committee supports the Bill and wish to confer the following mandate:

- 3.1 There is a need to develop a clear policy on land disposal as Municipalities are more inclined to selling land to private developers more than to the government and this affect spending money allocated for housing delivery.
- 3.2 The process of accreditation of municipalities for housing delivery must be speeded up.
- 3.3 There is a need for a reconsideration of the MIG equitable formula rather basing it on an outdated 2001 census and instead factors such as prevalence of poverty, location, level of unemployment and education, among others must also be taken into account.



- 3.4 It is proposed that historical backlogs be taken into account so that poor municipalities especially from the homelands may be assisted to be on par with others.
- 3.5 Circumstances specific to each Municipality are not taken into account when the Municipal Systems Improvement Grant and Financial Management Grant are allocated.
- 3.6 Although all the new conditional grants are welcome, we are of the view that the overload control grant should be brought forward to the 2009-10 financial year taking into account the infrastructure of our roads.
- 3.7 It is proposed that the Local Government Data Collection Forum referred to on page 71 be decentralized to Provinces.
- 3.8 Although the Province welcomes the favorable responses from the government on the FFC submissions, it is proposed that timelines be attached to the responses.
- 3.9 That the Permanent Delegate of the Eastern Cape Provincial Legislature, represent the Province of the Eastern Cape at the meeting of the final mandates and vote for the adoption of the Bill.



N. KIVIET
SPEAKER: EASTERN CAPE PROVINCIAL LEGISLATURE



Committee Service

Our reference:
Ons verwysing:
Tshupo, ya rona:

PORTFOLIO COMMITTEE ON FINANCE, OFFICE OF THE PREMIER & LEGISLATURE

Negotiating Mandate

TO: Chairperson of the Select Committee on Finance

NAME OF BILL: Division of Revenue Bill

NUMBER OF BILL: B4-2009

DATE OF DELIBERATION: 18 February 2009

VOTE OF THE LEGISLATURE:

The Portfolio Committee on Finance, Office of the Premier & Legislature, as designated by the Free State Legislature, Votes in favour of the Bill.

MR D RGOTHULE
CHAIRPERSON OF PORTFOLIO COMMITTEE ON FINANCE, OFFICE OF THE
PREMIER & LEGISLATURE
FREE STATE LEGISLATURE

05 March 2009



ISISHAYAMTHETHO SAKWAZULU-NATAL

KWAZULU-NATAL WETGEWER

KWAZULU-NATAL PROVINCIAL LEGISLATURE

**TO: THE CHAIRPERSON,
FINANCE SELECT COMMITTEE**

NEGOTIATING MANDATE

PROVINCE : KWAZULU-NATAL

**BILL : DIVISION OF REVENUE BILL
[B4 – 2009]**

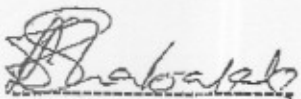
PROVINCIAL PROCESS :

Provincial Portfolio Committee/s : Finance Portfolio Committee
Portfolio Committee
meeting date/s : Wednesday, 25th of FEBRUARY 2009
Provincial NCOP meeting date/s : Friday, 27th of FEBRUARY 2009
Consultation : Parliamentary Legal Advisors, Special &
Permanent Delegates

MANDATE OF THE KWAZULU-NATAL PROVINCIAL LEGISLATURE:

The Provincial Standing Committee on National Council of Provinces Matters met today, Friday, 27th of FEBRUARY 2009, & agreed to mandate the KwaZulu-Natal delegation to the National Council of Provinces to **support** the Division of Revenue Bill [B4-2009].

PROVINCIAL ENDORSMENT



Ms L F Shabalala
CHAIRPERSON :
KWAZULU-NATAL STANDING COMMITTEE ON
NATIONAL COUNCIL OF PROVINCES MATTERS

Friday, 27th of FEBRUARY 2009

DATE

Limpopo Legislature

OFFICE OF THE SECRETARY

Physical Address:

Lebowakgomo
Government Complex

Postal Address:

Private Bag X9309
Polokwane
0700

REPORT OF THE PORTFOLIO COMMITTEE ON PROVINCIAL TREASURY ON NEGOTIATING MANDATE ON THE DIVISION OF REVENUE BILL, 2009 [B4-2009]

1. INTRODUCTION

The Division of Revenue Bill, 2009 [B4-2009] was referred to the Limpopo Legislature by the NCOP and the Legislature in turn referred it to the Portfolio Committee on Provincial Treasury for consideration and inputs.

2. PURPOSE OF THE BILL

The Bill is a section 76 and seeks to provide for the equitable division of revenue anticipated raised nationally among the national, provincial and local spheres of government for the 2009/10 financial year and the responsibilities of all three spheres pursuant to such division; and to provide for matters connected therewith.

3. CONSIDERATION OF THE BILL

The Portfolio Committee on Provincial Treasury was briefed on the principle and provisions of the Bill by the NCOP Permanent Delegate, Hon. D.J. Botha during a Committee meeting held on 18 February 2009.

3.1. Provinces

The NCOP Permanent Delegate briefed the Committee as follows:

The total revenue anticipated nationally is R696, 6 billion for financial year, April 2009. Provinces' share of revenue is R284, 5 billion which is 37 billion rand more than the revised estimate for the last financial year. Limpopo Province receives 33, 9 billion in the new financial year. Limpopo Provincial Government receives 11, 9 per cent of the total transfers to all provinces. KwaZulu-Natal receives the largest allocation, which is 88, 8 billion rand, and Gauteng is the next highest with an allocation of 56, 4 billion rand.

There are several new grants introduced in the 2009 Division of Revenue Bill. The new conditional grants are as follows:

- The Ilima/ Letsama projects grant that will help poor farmers to increase production and adopt modern farming. This grant has been allocated R650 million over the MTEF.
- The overload control grant is allocated R21 million over the MTEF period for initiatives to reduce overloading by trucks on the road network.

- The Sani Pass grant has been allocated R34 million for road infrastructure projects that promote integration and development between South Africa and Lesotho.
- The expanded public works programme incentive grant which will encourage provinces to increase spending on labour-intensive programmes has been allocated R1, 4 billion over the MTEF period to encourage job creation in development projects and community services.
- The public transport operations grant has been allocated R11, 5 billion over the period for subsidisation of commuter bus services.
- The technical secondary schools recapitalisation grant has been allocated R280 million for equipment and facilities at the schools.

3.2. Local Government

The 2009 Division of Revenue Bill excludes the RSC levies replacement grant for metros. The Regional Service Council (RSC) levies replacement grant for district municipalities will remain in place pending the outcome of the local government policy review.

The local government equitable share of nationally raised revenue grows from R23, 8 billion in the financial year commencing 1 April 2009, to R31, 8 billion in the financial year ending March 2012. Due to the exclusion of the RSC levy, the local government share grows at an average annual rate of 17, 8 per cent per year over the MTEF period.

The general fuel levy will form part of a new municipal revenue arrangement to replace the former RSC levies with effect from 1 April 2009. Twenty three (23) per cent of the general fuel levy will be directed to metropolitan municipalities to support expenditure on roads and transportation infrastructure. An additional amount of R1, 9 billion rand has been allocated to fund the design and construction of new stadiums and upgrading of 2010 FIFA World Cup host cities.

4. FINDINGS

The Committee found that:

- the Bill is Constitutional.
- the Bill introduced a number of new conditional grants as outlined above.

5. CONCLUSION

In conclusion Hon. Speaker, the Committee recommends to this Honourable House that a mandate be conferred to the National Council of Provinces Permanent Delegates to negotiate in favour of the Bill to be passed into law.

S. Molimela

1 CHAIRPERSON: PORTFOLIO COMMITTEE ON
PROVINCIAL TREASURY

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Enquiries: Mr D Mashego
Telephone: 013 - 766 1399

OFFICE OF THE SECRETARY

NEGOTIATING MANDATE

DIVISION OF REVENUE BILL [B4-2009]

The Portfolio Committee on Premier's Office; Finance; Safety and Security (the Committee) met on 19 February 2009 for a briefing by the permanent delegate of the National Council of Provinces on Division of Revenue Bill [B4-2009] (the Bill).

Pursuant to the briefing, the Committee undertook public hearings on the Bill in the following areas:

- (a) Cluster Hall, Verena [25 February 2009]
- (b) Community Hall, Mpuluzi [25 February 2009]
- (c) Community Hall, Lerero, Graskop [25 February 2009]

Public views or comments on the national budget were also solicited from members of the public through an advertisement that was placed in the Sowetan newspaper on 20 February 2009.

After consideration of the Bill, the Committee made the following proposals:

- a) Ensure that the fuel levy benefit should be revisited so that it can be applicable to all provinces on an equitable basis.
- b) Ensure that the Water and Sanitation Operating grant be revisited so that it can be maintained until all backlogs are eradicated.

Reference: Negotiating Mandates

Private Bag X 11289
Nelspruit 1200
Tel +27 13 766 1378
Fax + 27 13 766 1458
Building No 1, Mpumalanga
Government Complex
Riverside, Nelspruit
Mpumalanga Province
www.mppileg.gov.za

0137661458



Private Bag X 11289
Nelspruit 1200
Tel +27 13 766 1378
Fax + 27 13 766 1458
Building No. 1, Mpumalanga
Government Complex
Riverside, Nelspruit
Mpumalanga Province
www.mpumalanga.gov.za

OFFICE OF THE SECRETARY

Enquiries: Mr D Mashego
Telephone: 013 - 766 1399

- c) Ensure that proper research be conducted to ascertain how the taxi industry can be included in the public transport system.
- d) Ensure that capacity building to local government be expanded.
- e) Ensure that demarcation related matters be dealt with in a more effective manner.
- f) Ensure that research is conducted to ascertain how the current situation of non-registered foreigners currently residing in the country that strains available resources can be dealt with best.
- g) Ensure that proper oversight is conducted over service providers who are contracted to provide infra-structure in communities.

The permanent delegates representing the Province of Mpumalanga in the National Council of Provinces are mandated to negotiate on the basis of the above proposals.

HON NS MTSWENI, MPL
CHAIRPERSON: PORTFOLIO
COMMITTEE ON PREMIER'S OFFICE;
FINANCE; SAFETY AND SECURITY

03/03/2009
DATE

REPORT OF THE PORTFOLIO COMMITTEE ON THE OFFICE OF THE PREMIER; FINANCE; SAFETY AND SECURITY ON THE DIVISION OF REVENUE BILL, 2009 [B4-2009]

DIVISION OF REVENUE BILL, 2009

1. INTRODUCTION

The Speaker referred the Division of Revenue Bill, 2009 to the Portfolio Committee on Premier's Office; Finance; Safety and Security (the Committee) for consideration and report back to the House in accordance to the Rules and Orders of the Mpumalanga Provincial Legislature.

In terms of Section 118(1) of the Constitution, the Legislature has a mandate to facilitate public involvement in the Legislative and other processes of the Legislature and its committees. Hence the committee conducted public hearings to solicit inputs or views of the public on the above-mentioned Bill.

2. OBJECTIVES OF THE BILL

To provide for the equitable division of revenue anticipated to be raised nationally among the national, provincial and local spheres of government for the 2009/10 financial year and the responsibilities of all three spheres pursuant to such division; and to provide for matters connected therewith.

In terms of section 214(1) of the Constitution of the Republic of South Africa, 1996 this Bill provides for:

- The equitable division of revenue raised nationally among the three spheres of government;
- The determination of each province's equitable share of the provincial share of that revenue; and
- Any other allocations to provinces, local government or municipalities from the national government's share of that

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revenue, and any conditions on which those allocations may be made.

3. METHOD OF WORK

The committee met with Hon VV Windvoël, the Permanent Delegate representing the Province of Mpumalanga in the National Council of Provinces, on Thursday, 19 February 2009 for a briefing on the Bill. Accordingly the committee resolved to conduct public hearings to solicit inputs/comments from members of the public; which were scheduled and conducted as follows:

DATE	Wednesday, 25 February 2009
VENUE	Community Hall, Leroro, Graskop
TIME	09:00
NUMBER PRESENT	129

DATE	Wednesday, 25 February 2009
VENUE	Cluster Hall, Verena
TIME	09:00
NUMBER PRESENT	84

DATE	Wednesday, 25 February 2009
VENUE	Community Hall, Mpuluzi
TIME	09:00
NUMBER PRESENT	144

The public hearings on the Bill were advertised on the Sowetan daily newspaper of 20 February 2009. Stakeholders were invited to contact the Legislature for more information and to give written inputs to the Legislature on or before 26 February 2009.

Stakeholders were given copies of the following documentation:

- Budget Speech 2009 by Minister of Finance, Mr Trevor A Manuel
- A People's guide ... Budget 2009
- Budget Highlights 2009

During the public hearings, Members of the committee explained the Bill thoroughly and also responded to the questions of clarity raised thereafter.

4. OBSERVATIONS AND FINDINGS BY THE COMMITTEE

a) Meeting with the Permanent Delegate to the National Council of Provinces on 19 February 2009:

After consideration of the Bill, the committee raised that:

- The fuel levy benefit should not be applicable to Metropolitan Municipalities in some provinces only; the problems relating to damage caused to roads are prevalent throughout the country, including Local and District Municipalities;
- The planned phasing out of Water and Sanitation Operating Grant in 2010 should be revisited since serious challenges still exist in urban and rural areas. It was proposed that the grant should rather be increased in Mpumalanga which its people use chlorinated water, excluding the Mbombela and Emalahleni Municipalities whose residents receive purified water;
- It is imperative that the taxi industry should be included in the public transport system, the Bill excluded them;
- The Health Infra-Structure Grant, as contained in the bill, does not make provision for the implementation and actual materialising of what it seeks to achieve;
- Capacity building to local government should be expanded to all relevant areas to also include prospective municipal officials by means of provision of bursaries;
- Demarcation related matters should be dealt with simultaneously in all the affected areas and not on an ad hoc basis as is currently provided for in the bill;
- The equitable share allocated to provinces does not provide for the huge number of non-registered foreigners currently residing in the country and this situation puts strain on available resources;
- The matter of scholar transport and the processing of the allocation of service providers should be contained in the proposals by the Finance and Fiscal Commission;

- Future bills should provide for a specific budget to deal with the earmarking of roads, since there is a serious need in our province;
- Proper oversight should be conducted over service providers who are contracted to provide infra-structure;
- Provision should be made for proper infra-structure in terms of roads and streets in communities and the need to out-phase gravel roads was expressed;
- The need was expressed for a closer consultation process between provincial treasury, the MEC for Finance, the Portfolio Committee, the Financial and Fiscal Commission and national treasury to ensure that the actual needs in the province can be addressed and reflected in future bills;
- The issue of the re-opening of tertiary health institutions are not addressed in this bill and should be provided for in future bills; and
- The issue of establishing a university in the province has not been addressed yet.

b) Inputs/Comments by the Public during the public hearings on 25 February 2009

Inputs and comments were made by members of the public from the three public hearing venues. Generally, they were satisfied that the budget provides for both the economic and social development. Matters of emphasis were made as follows:

Community at Verena

- ✧ It should be ensured that adequate funding is allocated to provide proper housing;
- ✧ That the proposed budget allocated for the implementation of HIV/Aids programmes is not adequate and should be increased;
- ✧ There is a need for the creation of employment and the provision of programmes to enhance employment related skills, especially in the rural communities;

- ❖ Budget allocation to municipalities should be increased and properly monitored;
- ❖ There is a need for recreational facilities in communities, especially in the rural areas,
- ❖ Budget allocation to both the Traditional Leaders and Traditional Healers should be Increased.

Community at Leroro

- Lack of effective monitoring and utilization of budgets by Department result in construction projects not being completed e.g. Low cost housing (RDP);
- Proper screening of contractors is not properly done when tenders are allocated or when contractors appointed;
- The effective mentoring and monitoring by departments of all projects and programmes implemented in the province should be enhanced.
- Provision should be made for proper infra-structure in terms of roads and streets in rural communities.

Community at Mpuluzi

- The oversight function and monitoring of projects by the legislature should be more visible;
- The increase of pace in the delivery of houses and the improvement of the quality of houses built for communities should be monitored strictly and on a continuous basis;
- Job creation remains a huge challenge since most people in rural communities are unemployed;
- The Child Support Grant should rather be provided for in a voucher format;
- The training of local nurses to work in clinics can alleviate the pressures experienced in clinics;
- The need to monitor the project of distribution of food parcels was expressed;

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- Budgets relating to learnership programmes should be expanded;
- There is a need for recreational facilities in communities, especially in the rural areas;
- Sport stadiums in communities are not maintained and the connecting roads are in a poor condition;
- Future bills should cater for early childhood development by providing subsidies for day care facilities;
- The Expanded Public Works Programme does not achieve what it seeks to achieve since it does not reach all communities;
- Huge challenges are experienced in terms of infra-structure, for instance bridges are washed away and resealing of roads/street is not done regularly;

In all the three venues, the community supported the Bill and also expressed their appreciation to the Portfolio Committee for consulting them on the Bill before it can be passed by Parliament.

5. RECOMMENDATIONS

1. Provincial Treasury should assist the province to ensure that the actual needs in the province can be addressed and reflected in future bills by actively engaging with the Portfolio Committee and the Financial and Fiscal Commission on a regular basis.
2. The Permanent Delegates representing the Province of Mpumalanga in the National Council of Provinces should address the following in their interactions on the Division of Revenue Bill, 2009:
 - a) Ensure that the fuel levy benefit should be revisited so that it can be applicable to all provinces on an equitable basis.
 - b) Ensure that the Water and Sanitation Operating grant be revisited so that it can be maintained until all backlogs are eradicated.
 - c) Ensure that proper research be conducted to ascertain how the taxi industry can be included in the public transport system in order for them to benefit from the public transport



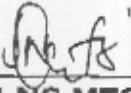
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- subsidies that are currently enjoyed by the bus public transport industry.
- d) Ensure that capacity building to local government be expanded.
 - e) Ensure that demarcation related matters be dealt within a more effective manner.
 - f) Ensure that research is conducted to ascertain how the current situation of non-registered foreigners currently residing in the country that strains available resources can be dealt with best.
 - g) Ensure that proper oversight is conducted over service providers who are contracted to provide infra-structure in communities.
3. The delegation representing the Province of Mpumalanga in the National Council of Provinces (NCOP) is conferred with authority and mandate to negotiate in favour of the Bill.
4. The committee recommends that the House adopt the Portfolio Committee Report on the Division of Revenue Bill, 2009.

6. CONCLUSION

The Chairperson wishes to thank all municipalities and members of the public who took part in the public hearings and made inputs or comments. She also extends a word of gratitude to the Members of the Portfolio Committee on the Office of the Premier; Finance; Safety and Security for their selfless efforts in ensuring that the committee meets its obligation and to the constituency offices who assisted in this successful endeavour.

A special word of appreciation is also extended to the support staff who contributed to the success of the public hearings and the production of this report.



HON NS MTSWENI MPL
CHAIRPERSON: PORTFOLIO COMMITTEE
ON THE OFFICE OF THE PREMIER; FINANCE;
SAFETY AND SECURITY

04/03/2009
DATE

FROM : LEGISLATURE
FROM 4 Mar. 2009 16:26

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04 Mar. No. 74382: eP. 2 P 2

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Northern Cape
Provincial Legislature

PORTFOLIO COMMITTEE ON FINANCE

To: Speaker - Hon CK Seoposengwe

From: P/C Finance – Chairperson Hon SE Lucas

Date: - 4 MAR 2009

Re: **NEGOTIATING MANDATE: DIVISION OF REVENUE BILL [B1- 2009]**

The aim of the Bill is to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres government for the 2009/10 financial year and the responsibilities of all three spheres pursuant to such division; and to provide for matters connected therewith.

On 18 February 2009 Hon Goeieman briefed the Portfolio Committee on Finance on the said Bill.

On 25 February 2009 the Committee sat to consider the Bill and resolved that:

1. The Conditional Grant of the Province needs to be appropriately adjusted because of the two former cross-border municipalities (Kgalagadi and Phokwane) that have been incorporated into the Province.
2. Due cognizance should be taken of the vastness and the rural nature of the province to ensure a greater percentage of the Equitable share irrespective of the formula being used.

From the briefing and consideration the following was resolved to support the Bill.

The Committee confers on our Permanent Delegates to participate in deliberations of the negotiating mandate and support the Bill.


Hon SE Lucas
COMMITTEE CHAIRPERSON

Wes-Kaapse Provinsiale Parlement
Western Cape Provincial Parliament
IPalamente yePhondo leNtshona Koloni



**NEGOTIATING MANDATE OF THE DIVISION OF REVENUE BILL [B4-2009]
(NCOP)**

Negotiating mandate of the Western Cape Provincial Parliament on the *Division of Revenue Bill [B4-2009]* (NCOP), as resolved by the Budget Committee on 4 February 2009.

The Western Cape Provincial Parliament having considered the subject of the *Division of Revenue Bill [B4-2009]* ((NCOP), referred to the Provincial Parliament in terms of the rules of the National Council of Provinces (NCOP), begs to report that it confers on the Western Cape's delegation in the NCOP the authority to support the Bill with the following concerns and recommendations:

- That, concerning the Public Transport Operation Grant, a high-level engagement takes place to include the National and Provincial Departments of Transport and National and Provincial Treasuries to find an interim and workable solution for the successful implementation of the grant framework. Also, that the City of Cape Town be involved in such an engagement, in order that all three spheres of government find a joint solution.
- That, concerning the Property Rates Grant on the funding shortfalls, both the National and Provincial Treasuries and the National and Provincial Departments of Public Works meet to

reconcile and agree on the rates amounts and further design a mechanism that will adequately address the funding shortfalls.

- Concern regarding the Hospital Revitalisation Programme, especially the funding pressure in 2010/11, which is not an additional amount, as raised by the Provincial Treasury with National Treasury in writing on 11 February 2009, which response is still being awaited. It was also requested by the Provincial Treasury that the Department of Health also take up this matter with the National Department of Health. It is recommended that the Hospital Revitalisation Programme funding be smoothed over the four year period, to alleviate the funding shortfall in 2010/11.



S E BYNEVELDT
SPEAKER
25 FEBRUARY 2009

FROM : LEGISLATURE
FROM 4.Mar. 2009 16:26

FAX NO. : 0538317931
A N C SPRINGBOKI. : 0538317931

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Northern Cape
Provincial Legislature

PORTFOLIO COMMITTEE ON FINANCE

To: Speaker - Hon CK Seoposengwe

From: P/C Finance – Chairperson Hon SE Lucas

Date: - 4 MAR 2009

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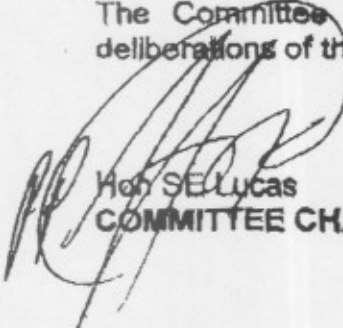
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Hon SE Lucas
COMMITTEE CHAIRPERSON