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



NEGOTIATING MANDATE

To: Hon. T E Chaane
Chairperson: Select Committee Appropriations

Name of Bill: *Division of Revenue Amendment Bill*

Number of Bill: [B17 -2011]

Date of deliberation: 10 November 2011

Vote of Legislature: The Budget Committee, having considered the subject of the *Division of Revenue Amendment Bill [B17 -2011] (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 without amendment.

Signature

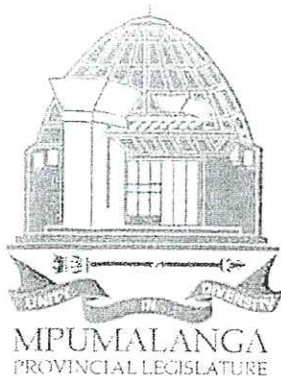
Date

Hon. E Von Brandis

Chairperson: Standing Committee on Finance and Economic Development

OFFICE OF THE SPEAKER

Enquiries: Ms R Mathabathe Tel. No.: 013 - 766 1399



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NEGOTIATING MANDATE

To: The Chairperson: Select Committee
on Appropriation

National Council of Provinces

Name of the Bill: Division of Revenue Amendment Bill

Number of the Bill: [B17-2011]

Date of Deliberation: 15 November 2011

The Committee emphasised the following:

1. Allocations of the Health Infrastructure Grant

- i. When the equitable share formula is revised it should take into account all matters relating to backlogs in terms of health services as well as health facilities with specific reference to poorer provinces.

2. Conditional Grants to cater for Disasters

- i. Mpumalanga is a province prone to veld fires and flooding; and must be included in the Agriculture, Forestry and Fisheries Grant to relieve farmers from the effects of floods and or veld fires as per Annexure 1: Page 39 Framework for the Agriculture, Forestry and Fisheries Grant.

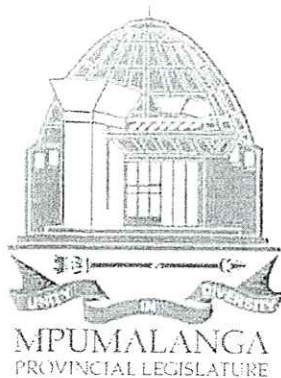
The Committee therefore made the following recommendations:

Regional Bulk Infrastructure Grant (RBIG)

- a) Schedule 7 must be adjusted to not only reflect the bulk of the grant, namely R 1.686 billion; but it must include the individual figures as per the allocation for the feasibility study for each respective municipality as reflected in Appendix 1 of the Bill;
- b) The Bill must provide for the respective grants to be paid to the individual municipalities so that they can be in a position to pay upfront for the conduction of the feasibility studies.

Allocations of the Health Infrastructure Grant

- i) When the equitable share formula is revised it should take into account all matters relating to backlogs in terms of health services as well as health facilities with specific reference to poorer provinces.



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Conditional Grants to cater for Disasters


- i) Mpumalanga is a province prone to veld fires and flooding; and must be included in the Agriculture, Forestry and Fisheries Grant to relieve farmers from the effects of floods and or veld fires as per Annexure 1: Page 39 Framework for the Agriculture, Forestry and Fisheries Grant; to read as follows:

Page 39 of the Bill:

Agriculture, Forestry and Fisheries Grant

Grant purpose: • to relieve farmers from the effects of floods **and or other natural** disasters in North West, Eastern Cape, Northern Cape, Free State, Gauteng, Limpopo **and Mpumalanga** Province

Vote of the Legislature: The Portfolio Committee on Legislature Oversight; Premier's Office and Finance, after considering the Bill supports the Division of Revenue Amendment Bill, 2011 ("the Bill") and confers on the Permanent Delegate representing the Province of Mpumalanga in the NCOP the mandate to negotiate in favour of the Bill subject to the views of members of the Committee as contained above and in the Report attached hereto.


SIGNATURE

15/11/11
DATE

HON VVZ WINDVOËL
CHAIRPERSON TO THE PORTFOLIO COMMITTEE ON
LEGISLATURE OVERSIGHT; PREMIER'S OFFICE AND FINANCE

REPORT OF THE PORTFOLIO COMMITTEE ON LEGISLATURE OVERSIGHT; PREMIER'S OFFICE AND FINANCE ON THE DIVISION OF REVENUE AMENDMENT BILL [B17-2011]

1 INTRODUCTION

The Mpumalanga Provincial Legislature ("the Legislature") must, in terms of section 65 of the Constitution, 1996 and through its delegates to the National Council of Provinces ("NCOP"), cast a vote in respect of a section 76 Bill serving before the NCOP. The NCOP must refer those Bills tagged as section 76 Bills to provincial legislatures for consideration so that provincial legislatures may confer mandates on their delegates to vote on the Bill.

The Division of Revenue Amendment Bill, [B17-2011] (the Bill), was referred to the Legislature and subsequently to the Portfolio Committee on Legislature Oversight; Premier's Office and Finance to consider it and make necessary inputs to confer authority to the delegation representing Mpumalanga Province in the NCOP on the parameters for negotiation when the relevant NCOP select committee considers the Bill, in accordance to section 5 of the Mandating Procedures of Provinces Act, (Act 52 of 2008)

2 OBJECTIVES OF THE BILL

The Bill seeks among others, to amend the Division of Revenue Act, 2011, so as to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2011/12 financial year and the responsibilities of all three spheres pursuant to such a division; and to provide for matters connected therewith.

3 METHOD OF WORK

The Chairperson of the NCOP referred the draft Division of Revenue Amendment Bill, [B17-2011] to the Legislature, in terms of Rule 159 of the Joint Rules of Parliament after it was received from the Minister of Finance and the Honourable Speaker referred the Bill to the Committee for members of the Committee to familiarize themselves with the contents thereof and to plan the Committee business accordingly.

The Bill was thereafter introduced by the Minister of Finance in the National Assembly on Tuesday, 27 October 2011, in terms of Section 12(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009.

A decision was made to fast track the Bill and as such some of the processes were run concurrently. The Committee was therefore briefed by Mr J Carter, Director: Provincial Policy and Planning; Ms Vuyo Mbunge, Director: Local Government Budget Analysis and Ms Mary Matjeke, Director: Provincial Budget Analysis at Intergovernmental Relations, National Treasury, on 2 November 2011. The Committee met again on 9 November 2011 and considered a Committee Report and the Negotiating Mandate on the Division of Revenue Amendment Bill, [B17-2011].

4 BRIEFING ON THE DIVISION OF REVENUE BILL

The Committee acknowledged that the Bill will provide for the following:

- 1) Additional equitable share and conditional grant allocations to provinces and municipalities;
- 2) The allocation of unallocated conditional allocations to provinces and municipalities;
- 3) The re-allocation of conditional allocations in terms of Section 18 of the Division of Revenue Act, 2011;
- 4) Roll-overs of conditional allocations to provinces and municipalities not transferred by national departments during the 2010/11 financial year;
- 5) Increases to a conditional allocation to a province or municipality through a virement under Section 43 of the Public Finance Management Act, 1999 or Section 28(2)(d) of the Municipal Finance Management Act 2003;
- 6) The re-allocation of conditional allocations that were not correctly reflected in the Schedules to the Division of Revenue Act, 2011.

The Committee sought clarity on the Regional Bulk Infrastructure Grant (RBIG) to municipalities in the province; and on the allocation of the Health Infrastructure Grant in the province that is less in 2012/13 compared to 2011/12.

National Treasury responded to the Committees' request as follows:

The Regional Bulk Infrastructure Grant (RBIG)

Since the RBIG is an indirect grant no funds are transferred to municipalities; because the Department of Water Affairs (DWA) implements the projects on behalf of the municipalities and transfers

Report of the Portfolio Committee on Legislature Oversight; Premier's Office and Finance on the Division of Revenue Amendment Bill, 2011

completed assets to the relevant municipalities. It was explained that the changes to the grant reflected in the Division of Revenue Amendment Bill, 2011 do not impact on the budgets or cash flows of the municipalities.

The allocations per municipality as reflected in the 2011/12 Division of Revenue Bill indicate the amount the department planned to spend per municipality. In some cases these allocations include funds for feasibility studies, implementation readiness assessments and the actual capital expenditure that will be spent on bulk infrastructure, which is a critical step in ensuring that appropriate regional infrastructure systems are put in place.

DWA has a clear process to be followed by municipalities to ensure that technically sound feasibility studies are performed prior to project implementation; which ensures that project implementation is successful. A provincial planning committee determines if a project meets the RBIG criteria, a scoping exercise is then performed and the go ahead is given to municipalities to appoint a professional service provider to conduct the feasibility study through their own procurement process. The Department of Water Affairs is involved with the development of the feasibility study and finally approves the study for implementation.

It was noted that in Mpumalanga, a number of changes to the RBIG allocations were made to place funds on the appropriate part of DWA's budget to allow the department to use the funds for feasibility studies that must be performed before project implementation can begin. By effecting it in the Division of Revenue Amendment Bill, 2011 is the earliest opportunity DWA has had to shift these funds and doing so will ensure that the feasibility studies can be completed.

Allocations of the Health Infrastructure Grant

As at 31 September 2011, Mpumalanga had spent R41 million, or 28 per cent of the grant, and are projecting to under-spend by R15 million.

The Health Infrastructure Grant was created through the restructuring of the Infrastructure Grant to Provinces (IGP). The IGP used the provincial equitable share formula as one of the criteria used to allocate the grant. Due to a decline in the population in Mpumalanga their share of the provincial equitable share declined which causes their share of this grant to decrease. The impacts of the changes are phased in over three years to avoid sudden shocks to provincial budgets. This is why the reduction is seen in the second year.

Rural Households Infrastructure Grant

The main purpose of the grant is intended to provide specific capital funding for the eradication of rural water and sanitation backlogs and is targeted at existing households where bulk-dependent services are not viable. The grant also funds training for beneficiaries on health and hygiene practices and how to maintain the facilities provided.

The main objective is to achieve the following:

- Increase the number of rural households provided with non-bulk-dependent sanitation and water facilities;
- Encourage the use of Community Based Organisations, Non-Governmental Organisations and Public Entities in delivering facilities and on-site training to rural households on how to sustain the maintenance of infrastructure;
- Alleviate poverty by implementing programmes through labour-based methods; and
- Pursue on-site solutions, and allowing people to take charge of the improvement of their wellbeing.

The main allocation criterion for this grant is households in municipalities identified as rural households where water and sanitation needs exist and connector solutions are not appropriate.

5 OBSERVATIONS AND FINDINGS BY THE COMMITTEE

The Permanent Delegate from Mpumalanga to the NCOP arrived late and could not attend the briefing on the Bill by Provincial Treasury on 2 November 2011. Provincial Treasury did not attend the briefing even though they were invited.

Subsequent to the briefing, the Committee deliberated on the Bill and made the following findings:

5.1. Regional Bulk Infrastructure Grant (RBIG)

It was found that the Bulk Infrastructure feasibility studies conducted by the Provincial Department of Water Affairs (DWA) for all municipalities in the province in the financial years between 2006 and 2008 were in actual fact needs analysis studies for the feasibility studies.

It was confirmed that all the negative figures as presented as per Schedule 7 and Appendix 1 of the Bill are amounts that are ring-fenced for the actual feasibility studies. Further; that the municipalities as reflected requested the specific amounts as per quotations obtained for the conduction of the studies. This implies that upon completion of the

feasibility studies the respective municipalities will claim these amounts through the Regional DWA as payment towards the feasibility studies.

These negative figures will therefore not be part of the gazette as they are considered as 'soft issues' that do not need to be included in the gazette. It was confirmed that the bulk of the grant, namely R 1.686 billion will be gazetted as part of the adjustments; as these funds have been ring-fenced for their specific purpose in accordance to the Framework of the Division of Revenue Bill, 2011 which was tabled in February 2011.

It should be noted that municipalities like Mbombela Local Municipality where the amounts are comparatively higher, will cater for more than one feasibility study as per the request from the relevant municipalities submitted to the Regional DWA.

In terms of the two District Municipalities Nkangala - and Ehlanzeni there were special requests as per the needs analysis conducted by Regional DWA.

The major portion of the money allocated towards Bushbuckridge Local Municipality will go towards the upgrading of capital works at Hoxane.

It was noted that only the municipalities that appear on the Schedule provided by National Treasury have been catered for in terms of feasibility studies; as these municipalities were proactive in submitting their information on time to the Regional DWA.

In taking the above information into consideration; National Treasury's argument that the changes to the RBIG allocations to ensure funds in DWA's budget to allow for feasibility studies has also been validated by the Memorandum on the Objects of the Division of Revenue Amendment Bill, 2011 [refer Page 34 Section 3.13 under the heading 'Shifts' of the Bill phrased as follows:

'An amount of R 28,6 million will be shifted from the management budget of the Regional Bulk Infrastructure grant and earmarked for feasibility studies of projects which may potentially be funded through the grant. The shift will result in the grant being reduced from R 1.704 billion to R 1.686 billion. This change is effected in Schedule 7 and Appendix 1 of the Bill.'

The Committee expressed its concern on the following matters:

- a) The fact that only the bulk of the grant, namely R 1.686 billion will be gazetted as part of the adjustments; and that the individual figures will not be reflected as part of the Bill;

The fact that municipalities will have to first pay for the feasibility studies to be conducted and only be able to claim these amounts through the Regional DWA after completion of the feasibility studies. The Committee was concerned that poor municipalities like Dr JS Moroka – and Bushbuckridge Local Municipalities might not be able to access the grant not because they do not need it but because they cannot afford to have the feasibility studies conducted. This requirement for a feasibility study to be conducted by municipalities may be prohibitive for many municipalities that need the grant.

5.2. Allocations of the Health Infrastructure Grant

It is clear from the Table 1 below that Mpumalanga's population increased from 3 365 885 in 2001 (Census figure from StatsSA) to 3 657 181 in 2011 (Mid-year estimates from StatsSA). All the population figures from StatsSA, like the General Household Survey (GHS) & Mid-year estimates annually, 1996 & 2001 Census and also the 2007 Community Survey, confirm this increase/trend in population numbers. It is important to also point out that the provincial population growth rate for the period 2001-2011 was positive at 0.9 per cent pa and 0.8 per cent for the last year, 2010-2011, according to StatsSA's Mid-year estimates.

Table 1: Population in South Africa by province, 2001 & 2011

Region	2001 Census		2011 Mid-year estimates	
	Number	% share of national	Number	% share of national
Eastern Cape	6 278 651	14.0	6 829 958	13.5
Free State	2 706 776	6.0	2 759 644	5.5
Gauteng	9 178 873	20.5	11 328 203	22.4
KwaZulu-Natal	9 584 129	21.4	10 819 130	21.4
Limpopo	4 995 533	11.1	5 554 657	11.0
Mpumalanga	3 365 885	7.5	3 657 181	7.2
Northern Cape	991 919	2.2	1 096 731	2.2
North-West	3 193 678	7.1	3 253 390	6.4
Western Cape	4 524 334	10.1	5 287 863	10.5
Total	44 819 778	100.0	50 586 757	100.0

Source: Statistics South Africa – 2001 Census & 2011 Mid-year Population Estimates

The number of learners enrolled in public ordinary schools has increased from 963 810 to 971 733 in 2009 and 2010 respectively (The Department of Education annual Report 2010/11). These figures also indicate that the population of Mpumalanga has not decreased but increased as children make up 28.6% of the total population figure of the province.

If the percentage share of Mpumalanga in terms of the total population is analysed, the share decreased slightly from more or less 7.5 per cent in 2001, to 7.2 per cent in 2011. Please see the above in this regard. The "rich" provinces like Gauteng and the Western Cape's share, however increased in the same period.

The question is if National Treasury's budget decisions regarding the provinces, is based on trends of provincial population numbers or on trends of the percentage share of the total population or even population growth rates. It is interesting to take note that the "poorer" provinces like the Eastern Cape, Free State, Limpopo, North-West and Mpumalanga's share to the national population, are all decreasing.

The Committee supports the allocations that are based on workloads in the health facilities as opposed to allocations made in respect to percentage share of national population numbers; as it would appear that rich provinces like Gauteng and Western Cape stand to benefits since their population numbers increase at a rate that is much faster than the poorer provinces.

5.3. Conditional Grants to cater for Disasters

In terms of the Bill there are new conditional grants that cater for disasters; and the following were highlighted:

- Agriculture, Forestry and Fisheries Grant to relieve farmers from the effects of floods in North West, Eastern Cape, Northern Cape, Free State, Gauteng and Limpopo Province
- Education Infrastructure Grant for the restoration of school infrastructure affected by flooding
- Human Settlements Grant to facilitate the immediate reconstruction of houses and related infrastructure that were damaged by floods during 2010/11

The Committee expressed its concern that Mpumalanga will only share in the grants providing compensation on disasters related to school infrastructure affected by flooding and to facilitate the immediate reconstruction of houses and related infrastructure that were damaged by floods during 2010/11.

Mpumalanga is a province prone to veld fires and flooding; however, the province is not included in the Agriculture, Forestry and Fisheries Grant to relieve farmers from the effects of floods and or veld fires.

It was indicated that whilst allocations have not been made with regards to agriculture for Mpumalanga Province; the Mpumalanga Department of Agriculture, Rural Development and Land Administration (DARDLA); had

submitted a claim to National Treasury in this regard amounting to approximately R 22 million.

However; it was found that the application by DARDLA did not follow the correct procedure by registering it at Provincial Treasury; and that they had no knowledge of the application.

The formal status as reported by Provincial Treasury was that DARDLA did not register any pressures in this regard at the Lekgotla or at the Budget and Finance Committee.

6 RECOMMENDATIONS

The Committee recommends that the permanent delegation to the NCOP should negotiate in favour of the Bill taking into consideration the following recommendations made by the Committee respectively:

The Committee emphasised the following which must be amended:

6.1 Regional Bulk Infrastructure Grant (RBIG)

- 6.1.1 Schedule 7 of the Bill must be adjusted to not only reflect the total amount of the grant, namely R 1.686 billion; but it must include the individual allocated figures as per the allocation for the feasibility study for each municipality as reflected in Appendix 1 of the Bill;
- 6.1.2 The Bill must provide for the respective grants to be paid to the individual municipalities so that they can be in a position to pay upfront for the feasibility studies to be conducted.

6.2 Allocations of the Health Infrastructure Grant

- 6.2.1 When the equitable share formula is revised it should take into account all matters relating to backlogs in terms of health services as well as health facilities with specific reference to poorer provinces.

6.3 Conditional Grants to cater for Disasters

- 6.3.1 Mpumalanga is a province prone to veld fires and flooding; and must be included in the Agriculture, Forestry and Fisheries Grant to relieve farmers from the effects of floods and or veld fires as per Annexure 1: Page 39 Framework for the Agriculture, Forestry and Fisheries Grant; to read as follows:

Page 39 of the Bill:

Agriculture, Forestry and Fisheries Grant

Grant purpose: • to relieve farmers from the effects of floods and or other natural disasters in North West, Eastern Cape, Northern Cape, Free State, Gauteng, Limpopo and Mpumalanga Province

7 CONCLUSION

The Chairperson would like to thank Honourable Members of the Committee, officials from National – and Provincial Treasury; and SALGA Mpumalanga for participating in the process of considering the Bill.



HON VVZ WINDVOËL
CHAIRPERSON

15 / 11 / 11
DATE

**PORTFOLIO COMMITTEE ON LEGISLATURE
OVERSIGHT; PREMIER'S OFFICE AND FINANCE**



FREE STATE LEGISLATURE

**PORTFOLIO COMMITTEE ON PUBLIC ACCOUNTS, FINANCE, OFFICE OF
THE PREMIER AND LEGISLATURE**

Negotiating Mandate

TO: Chairperson of the Select Committee on Appropriations


NAME OF BILL: Division of Revenue Amendment Bill

NUMBER OF BILL: B17-2011

DATE OF DELIBERATION: 15 November 2011

VOTE OF THE LEGISLATURE:

The Portfolio Committee on Public Accounts, Finance, Office of the Premier and Legislature as designated by the Free State Legislature votes in favour of the Bill.


MR IVAN ROOYEN
CHAIRPERSON OF PORTFOLIO COMMITTEE ON PUBLIC ACCOUNTS,
FINANCE, OFFICE OF THE PREMIER AND LEGISLATURE
FREE STATE LEGISLATURE

15 November 2011



ISISHAYAMTHETHO SAKWAZULU-NATAL

KWAZULU-NATAL WETGEWER

KWAZULU-NATAL PROVINCIAL LEGISLATURE

NEGOTIATING MANDATE

TO: HON CHAANE
CHAIRPERSON: SELECT COMMITTEE ON APPROPRIATIONS

NAME OF BILL: DIVISION OF REVENUE BILL

NUMBER OF BILL: B17 – 2011

DATE OF DELIBERATION: TUESDAY, 1 NOVEMBER 2011

VOTE OF THE LEGISLATURE:

The Portfolio Committee on Finance met today, Tuesday, the 1st of November 2011, & agreed to mandate the KwaZulu-Natal delegation to the National Council of Provinces to *support* the Division of Revenue Bill [B17-2011].

Hon BF Scott

HON BF SCOTT
CHAIRPERSON OF FINANCE
PORTFOLIO COMMITTEE

02/11/11
DATE



NORTH WEST PROVINCIAL LEGISLATURE

Legislature Building
Dr James Moroka Drive
Private Bag X2018
MMABATHO
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NEGOTIATING MANDATE

To : Hon. T.E. Chaane
Chairperson of the Select Committee on
Appropriations

Name of Bills : Division of Revenue Amendment Bill

Number of Bills : B17 - 2011

Date of deliberation : 02 November 2011

Inputs of the participants:

- ✓ The equitable share formula used by National Treasury should address the backlog at the municipalities.
- ✓ National Treasury should ensure to monitor at all times that each municipalities in terms of the allocations of conditional grants are spent.
- ✓ National Treasury should ensure that all the Departments have a plan in place in terms on how to utilise the disaster school grant and other grants.

Vote of Legislature: After deliberation, the Portfolio Committee on Provincial Affairs and Finance votes in favour and support the principles and details underlying the Division of Revenue Amendment Bill. The delegation representing the Province of the North West in the National Council of Provinces (NCOP) is conferred with the authority and mandate to negotiate in favour of the Bill, taking into account the observations of the Committee as contained above.

Signed by,

Hon. Auchalie Mothupi

Acting Chairperson: Provincial Affairs & Finance Portfolio Committee

14-NOV-2011 11:35 From:NCOP

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Page:2/2



EASTERN CAPE PROVINCIAL LEGISLATURE

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14 November 2011

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NEGOTIATING MANDATE

To:

The Chairperson:
Select Committee on Appropriations

Name of Bill:

Division of Revenue Amendment Bill

Number of Bill:

[B17-2011]

Date of Deliberation

14 November 2011

Vote of the Legislature

The Legislature supports the Bill and mandates the Eastern Cape delegate to negotiate in favor of the adoption of the Bill.

A handwritten signature in black ink, appearing to read 'Matomela', is written over a horizontal line.

HON M MATOMELA (MPL)

CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON FINANCE

DATE

14/11/11



NEGOTIATING MANDATE

TO: The Chairperson of the Select Committee on Appropriations

Honourable TE Chaane

NAME OF BILL: Division of Revenue Amendments Bill.

(Section 76)

NUMBER OF BILL: [B17-2011]

DATE OF DELIBERATION: 09th November 2011

VOTE OF THE LEGISLATURE:

The Gauteng Provincial Legislature supports the Principle and the Detail of the Bill and therefore votes in favour of the-

- Division of Revenue Amendments Bill.

MR HOPE MANKWANA PAPO

Chairperson: Finance Portfolio Committee

GAUTENG PROVINCIAL LEGISLATURE

Date: 9 NOVEMBER 2011



**FINANCE PORTFOLIO COMMITTEE
REPORT
ON
DIVISION OF REVENUE AMENDMENT BILL [B17 – 2011]
(Section 76)**

09 November 2011

1. INTRODUCTION

The Chairperson of the Finance Portfolio Committee, AHM Papo, tables the Committee's Negotiating Mandate on the Division of Revenue Amendment Bill [B17-2011] Section 76 Bill, as follows:

2. PROCESS FOLLOWED

The Deputy Speaker, Hon. Steward Ngwenya formally referred the Division of Revenue Amendment Bill [B17-2011]- Section 76 Bill ('the Bill') to the Portfolio Committee on Finance ('the Committee'), in terms of Rule 252 (1) (a) (b) on Thursday, 3rd November 2011, for consideration and developing a Portfolio Committee report.

In line with the Constitutional mandate of the GPL of ensuring and facilitating public participation in all its law making processes, the Committee invited various stakeholders to make verbal or oral submissions on the Bill.

On Wednesday, 02nd November 2011, the Committee convened to consider the presentation of the Bill by National Treasury.

As a way of soliciting the Provincial Executive Council's view on the Bill in accordance with the Standing Rules of the Gauteng Provincial Legislature, the Committee convened a meeting on Wednesday, 09th November 2011 to receive a presentation from the Provincial Executive Council represented by the Gauteng Department of Finance. At the same meeting, the Portfolio Committee considered and adopted the Negotiating Mandate inclusive of a report that outlines the effects of the Bill to Gauteng. The Negotiating Mandate will be tabled at the NCOP on Tuesday, 15th November 2011.

3. PRINCIPLE AND DETAIL OF THE BILL

The preamble of the Bill states that section 214(1) of the Constitution of the Republic of South Africa, 1996, requires an Act of Parliament to provide for:

- The equitable division of revenue raised nationally among the national, provincial and local 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 revenue, and any conditions on which those allocations may be made.

4. OBJECTIVE OF THE BILL

The objective of the Bill is to amend the Division of Revenue Act, 2011, so as to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2011/12 financial year and the responsibilities of all three spheres pursuant to such division; and to provide for matters connected therewith.

5. AMENDMENTS TO THE DIVISION OF REVENUE ACT, 2011

An adjustments budget provides for unforeseeable and unavoidable expenditure; appropriation of monies already announced during the tabling of the annual budget (but not allocated at that stage); the shifting of funds between and within votes where a function is transferred; the utilization of savings; and the rollover of the unspent funds from preceding financial year¹.

¹ Division of Revenue Amendment Bill, 2011.

Provincial allocations

The table below depicts funds that have been transferred to the province as a result of the amendments to the Division of Revenue Act, 2011.

GAUTENG	
SUMMARY: 2011 ADJUSTED ESTIMATES OF PROVINCIAL EXPENDITURE (TO BE APPROPRIATED FROM THE NATIONAL REVENUE FUND)	607 708
Equitable share:	539 135
Personnel adjustments: Improvement in Salaries and other Conditions of Service	539 135
Other	-
Conditional grants:	68 573
National roll-overs (funds not transferred by national departments during 2010/11) for:	55 500
Comprehensive Agricultural Support Programme Grant (Agriculture, Forestry and Fisheries)	-
Ilima/Letsema Projects Grant (Agriculture, Forestry and Fisheries)	-
Community Library Services Grant (Arts and Culture)	-
Technical Secondary Schools Recapitalisation Grant (Basic Education)	-
Hospital Revitalisation Grant (Health)	55 500
Infrastructure Grant to Provinces (National Treasury)	-
Personnel adjustments: Improvement in Salaries and other Conditions of Service (FET Colleges) for:	11 133
Further Education and Training Colleges Grant (Higher Education and Training)	11 133
Treasury Committee: Unforeseeable/unavoidable: Disasters and other emergencies for:	1 745
Agriculture Disaster Management Grant (Agriculture, Forestry and Fisheries)	1 745
Health Infrastructure Grant (Health)	-
Shift of funds from the National Treasury for Post Disaster Recovery and Reconstruction Projects for:	195
Education Infrastructure Grant (Basic Education)	-
Housing Disaster Relief Grant (Human Settlements)	36
Transport Disaster Management Grant (Transport)	159
Other	-
None	-

Source: Division of Revenue Amendment Bill [B17-2011]

The table above shows the summary of the 2011 Adjusted Estimates of Provincial Expenditure to be appropriated from the national revenue fund. As per the table above, the Portfolio Committee has observed the transfer of funds from National to the Province in the form of conditional grants to various departments as well as improvements on salaries and other conditions of services.

Furthermore, the amendments also covered unavoidable and unforeseeable disasters and other emergencies in the form of Agriculture Disaster Management Grant. The Portfolio Committee welcomes the continued monitoring of expenditure in respect to conditional grants by National Treasury.

During the presentation of the Bill to the Committee, National Treasury emphasized that the Committee should pay more attention to the provincial department of Health and Social Development in relation to spending patterns on the Hospital Revitalization Grant. The Committee

will continue to, in its oversight processes, monitor provincial expenditure in line with the Provincial Appropriation Act.

5.1 CONSTITUTIONALITY AND GENERAL LEGAL COMPLIANCE OF THE BILL

As alluded in earlier paragraphs, the Bill is constitutionally sanctioned by section 214(1) of the constitution of the Republic of South Africa. It amends the Division of Revenue Act, 2011. The Minister of Finance is empowered to introduce the Bill and its provisions do not infringe on any other constitutional right. It also conforms to all other relevant legislation.

The Bill was developed and tabled on the basis of the Money Bills Amendment Procedure and Related Matters Act of 2009, which requires that the Minister of Finance must table a Division of Revenue Amendment Bill with the revised fiscal framework if the adjustment budget effects changes to the Division of Revenue Act for the relevant financial year.

6. STAKEHOLDERS' SUBMISSIONS

The Committee invited various stakeholders to make oral and verbal submissions on the Bill. No submissions were received.

7. FINANCIAL IMPLICATIONS AND SOCIO ECONOMIC IMPACT ASSESSMENT OF THE BILL FOR THE PROVINCE

7.1 FINANCIAL IMPLICATIONS OF THE BILL

The financial implications are limited to the transfer of funds to relevant Provincial departments.

7.2 SOCIO-ECONOMIC IMPACT

The view of the Committee is that the amendments to the Bill seek to accelerate service delivery and mainly redress the effects of natural disasters that occurred.

8. VIEWS OF THE PROVINCIAL EXECUTIVE COUNCIL ON THE BILL

The Executive Council, represented by the Gauteng Department of Finance support the principle and detail of the Bill..

9. NEGOTIATING POSITION ADOPTED BY COMMITTEE

The Finance Portfolio Committee supports the principle and detail of the **Division of Revenue** Amendment Bill [B17-2011] - Section 76.



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PORTFOLIO COMMITTEE ON FINANCE, ECONOMIC DEVELOPMENT & TOURISM

Ref 16.6.2.3.8

Hon C de Beer
Chairperson: Select Committee on Finance

NEGOTIATING MANDATE

Name of the Bill: Division of Revenue Amendment Bill

Number of the Bill: [B17-2011]

Date of deliberation: 11 November 2011

Vote of the Legislature: **The Portfolio Committee on Finance, Economic Development & Tourism votes in favour of the Bill**

A handwritten signature in black ink, appearing to read "KD Molusi", with a horizontal line underneath it.

Hon KD Molusi
Chairperson: Portfolio Committee on Finance, Economic Development & Tourism

2011 -11- 11



Ref 16.6.2.3.8

PORTFOLIO COMMITTEE ON FINANCE, ECONOMIC DEVELOPMENT & TOURISM

NEGOTIATING MANDATE ON THE DIVISION OF REVENUE AMENDMENT BILL [B17- 2011]

1. INTRODUCTION

The Chairperson of the Portfolio Committee on Finance, Economic Development & Tourism Hon KD Molusi tables the Committee's draft Report on the Division of Revenue Amendment Bill [B17-2011], as adopted by the Portfolio Committee on the 11th November 2011.

2. PROCESS FOLLOWED

- 2.1 The Speaker of the Northern Cape Provincial Legislature has on receipt of the Bill referred the *Division of Revenue Amendment Bill, 2011* to the Portfolio Committee on Finance, Economic Development & Tourism.
- 2.2 On the 1 November 2011, the Portfolio Committee received a briefing on the Bill by the Northern Cape Permanent Delegate to the NCOP, Hon PR Tau, Mr. I Pillay and Steven Kenyon from the National Treasury.
- 2.3 The Portfolio Committee resolved at its meeting held on the 1 November 2011, to hold a public hearing on the referred Bill at the Legislature Auditorium to solicit the views of the affected stakeholders with regard to the *Division of Revenue Bill, 2011*. Stakeholders were invited widely including provincial government departments.
- 2.4 The public hearing was held on the 10 November 2011 as per the Committee resolution.

3. INPUTS FROM THE STAKEHOLDERS

Among others AFASA (African Farmers association of South Africa) and NAFU (National African Farmers Union) made inputs however not relevant to the Bill.

4. WRITTEN INPUTS ON THE BILL

No written inputs were received.

5. COMMITTEE INPUTS ON THE BILL

The Committee considered inputs received during the public hearing and those that are not relevant can be referred to the relevant department as they were not related to the bill.

Committee observations:

- The poor spending patterns of provincial departments and municipalities
- The roll overs and unspent conditional grants
- The unclear concurrent functions of provinces and national do sometimes have a serious impact on service delivery

Committee recommendations

- The departments and municipalities must ensure that the proper skills are attracted to ensure better service delivery and improved expenditure patterns
- Concurrent functions should be explicit to avoid duplication or omission by the relevant department /s

6. COMMITTEE ADOPTION OF THE BILL

The Committee adopted this negotiating mandate duly signed by the Chairperson of the Committee, Hon KD Molusi.

The Committee recommends to the House to mandate the Permanent Delegates to participate in deliberations at the negotiating stage and to support the Bill.



COMMITTEE CHAIRPERSON
HON KD MOLUSI

11 NOV 2011

Limpopo Legislature

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Lebowakgomo
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Postal Address:

Private Bag X9309
Polokwane
0700

NEGOTIATING MANDATE

To : The Chairperson : SC on Finance and Appropriation

Name of the Bill : Division of Revenue Amendment Bill

Number of the Bill : (B17-2011)

Date of Deliberation: 03 November 2011

Vote of the Legislature : Provincial NCOP Permanent Delegates to
negotiate in favour of the Bill


HON. K.A. PHALA

SPEAKER: LIMPOPO LEGISLATURE

DATE: 2011/11/10

Limpopo Legislature

OFFICE OF THE SECRETARY

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NEGOTIATING MANDATE OF THE PORTFOLIO ON PROVINCIAL TREASURY ON THE DIVISION OF REVENUE AMENDMENT BILL, [B17-2011]

1. INTRODUCTION

Division of Revenue Amendment Bill, [B17-2011] was tabled in Parliament on 25 October 2011 by the Minister of Finance during the submission of 2011 Medium Term Budget Policy Statement (MTBPS). It was referred by the NCOP to the Legislature which in turn referred it to the Portfolio Committee on Provincial Treasury for consideration and input.

2. PURPOSE OF THE BILL

The Bill seeks to amend the Division of Revenue Act, 2011, so as to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2011/12 financial year and the responsibilities of all spheres pursuant to such division; and to provide for matters connected therewith.

3. BRIEFING ON THE BILL


The Chairperson of the Portfolio Committee on Provincial Treasury was invited to the Budget lock-up session which was held in Cape Town from 24-28 October 2011 wherein the Minister of Finance made a briefing on the Revised Fiscal Framework, Adjustments Appropriation Bill, and Division of Revenue Amendment Bill prior to the introduction of the Bill in the National Assembly. The briefing was made to the provinces, the NCOP and National Assembly.

4. CONSIDERATION OF THE BILL

The Portfolio Committee on Provincial Treasury met on 03 November 2011 to consider the Bill and the National Treasury briefed the Committee on amendments of the Bill. The Committee having considered the Bill supported it without amendments.

5. NEGOTIATING MANDATE

Having supported the Bill, the Committee hereby confer a mandate to NCOP Delegates to negotiate in favour of the Bill without amendments.


.....

HON. R.M SEMENYA

CHAIRPERSON: PORTFOLIO COMMITTEE ON PROVINCIAL TREASURY

From: "ShirleyM" <ShirleyM@fsl.gov.za>
To: "'Lubabalo Nodada'" <lnodada@parliament.gov.za>
CC: "'Marette Basson'" <marette@global.co.za>
Date: 2011/11/11 11:53 AM
Subject: RE: Submission of Division of Revenue Amendment Bill Mandates

Please be informed the Free State Legislature will not submit the negotiating mandate but will only submit the Voting mandate.

Hoping that you will find this in order.

Shirley Mamashie

-----Original Message-----

From: Lubabalo Nodada [mailto:lnodada@parliament.gov.za]
Sent: Friday, November 11, 2011 8:43 AM
To: nmadosi@ecleg.gov.za; sncama@ecleg.gov.za; ShirleyM@fsl.gov.za; marette@global.co.za; JMoeti@gpl.gov.za; LMckay@gpl.gov.za; CLINTONM@kznlegislature.gov.za; dlamini@kznlegislature.gov.za; ERWINN JANSEN; Johannesi@kznlegislature.gov.za; NTOZAKHET@kznlegislature.gov.za; SIMELANES@kznlegislature.gov.za; manamelam@limpopoleg.gov.za; Riette Davis; JBabuseng; MMkontwana@ncpg.gov.za; agnes@nwpl.org.za; Kgagodi@nwpl.org.za; Khanita Abrahams; mmkhethwa@parliament.gov.za; Mpho Seabela; Nomfuzo Dano; Patience Mbalo; NMayambe@wcpp.gov.za; NMayambela@wcpp.gov.za; judy.masekela@yahoo.com
Cc: Estelle Grunewald; mnjohnson@parliament.gov.za
Subject: Submission of Division of Revenue Amendment Bill Mandates

Dear Colleagues

This serves to remind you all about the submission of Negotiating Mandates not later than Monday, 14 November 2011. The SC on Appropriations shall be considering them on Tuesday, 15 November 2011.

Final Mandates are expected on Wednesday, 16 November 2011. The Committee shall be considering them and the Division of Revenue Amendment Bill report on Thursday, 17 November 2011. The Committee report will be tabled for adoption in the House on Friday, 18 November 2011.

NB: KwaZulu-Natal, please ignore the Negotiating mandate reminder but please note the submission date of Final Mandate.

Warm regards

Lubabalo Yandisa Nodada (Mr)
Committee Secretary
Select Committee on Appropriations
Tel: 27 (21) 403 3669
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