

Limpopo Legislature

OFFICE OF THE SECRETARY

Physical Address:

Lebowakgomo
Government Complex

Postal Address:

Private Bag X9309
Polokwane
0700

22 March 2007

Ref: 13/7

Enquiries: NCOP Officer

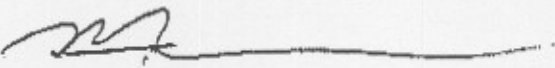
The Chairperson
National Council of Provinces
P.O. Box 85
CAPE TOWN
8000

CONFERRAL OF VOTING MANDATE TO THE NCOP PERMANENT DELEGATES ON THE DIVISION OF REVENUE BILL, [B3-2007]

Kindly be informed that the Limpopo Legislature has at its sitting held on Thursday, 22 March 2007 adopted the Report of the Portfolio Committee on Provincial Treasury on the above mentioned section 76 Bill.

The Honourable House further resolved to confer a mandate to its NCOP Permanent delegates to vote in favour of the Bill, the Division of Revenue Bill, [B3-2007] with recommendations, to be passed into law.

The Report of the Portfolio Committee is attached herewith for reference purpose.


.....
DR. T.S. FARISANI
SPEAKER: LIMPOPO LEGISLATURE

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 THE DIVISION OF REVENUE BILL, 2007 [B3-2007]

1. INTRODUCTION

The Division of Revenue Bill, 2007 [B03-2007] was referred to the 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 77 and seeks to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2007/08 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 during a Committee meeting held on 02 March 2007. The Committee conducted a public hearing on 09 March 2007 at Mopani District in Giyani. It must, however, be noted by this House that the Division of Revenue Bill is introduced on an annual basis.

3.1. Provinces

The NCOP Permanent Delegate briefed the Committee as follows:

- 3.1.1. The total revenue anticipated nationally is R544, 6 billion for the financial year, commencing on 01 April 2007.
- 3.1.2. Provinces share of revenue is R202.7 billion which is R24, 9 billion more than the revised estimate for the last financial year.
- 3.1.3. Limpopo Province received R24, 8 billion which is 12.3% of the total transfers to all provinces in the 2007/2008 financial year.
- 3.1.4. An amount of R2, 5 billion constitutes conditional grants, and the balance is attributable to equitable share.

- 3.1.5. KwaZulu-Natal receives the largest allocation, which is R42 billion, and Gauteng is the next highest with an allocation of R37, 8 billion.
- 3.1.6. Unconditional equitable shares make up 85 percent of national transfers to Provinces.
- 3.1.7. The equitable share formula is reviewed and updated annually, taking into account the recommendations of the FFC. The formula was adjusted by the re-benchmarking of the GIS (General Household Surveys), and the re-demarcation of provincial boundaries to eradicate cross-boundary municipalities.
- 3.1.8. The two main funding channels from the National Revenue Fund to Provinces and Local government are equitable shares and conditional grants. The equitable share is a block grant. Although equitable shares have no conditions attached, the spending thereof is governed by national priorities. The conditional grants are aimed at enhancing the delivery of specific services according to prescribed national norms.
- 3.1.9. The 2007 Division of Revenue Bill with reference to the conditional grants to Province introduced the new conditional grants which are Community Library Services Grant and Gautrain Rapid Rail Link.
- 3.1.10. Conditional grants remain an important part of the intergovernmental transfer system. They provide for supplement programmes which are funded by Provinces such as infrastructure, central hospitals, and support for transition and capacity building.

3.2. Local Government

- 3.2.1. The Local government equitable share of nationally raised revenue grows from R18.1 billion in the financial year ending March 2007, to R20, 6 billion in the financial year ending March 2008 and eventually to 29, 4 billion in the financial year ending March 2009.
- 3.2.2. Municipalities in Limpopo will receive R1, 82 billion which is 8.81% of the total equitable share allocated to all municipalities. Total allocation to local government (including conditional grants) is R34, 3 billion in the financial year commencing on 1 April 2007. Municipalities in Limpopo will receive a total of R3, 9 billion rand which is 11.4% of the total allocated to Municipalities in South Africa.
- 3.2.3. The 2007 Division of Revenue Bill with reference to conditional grants on Local government introduce Bulk infrastructure Grant and 2010 FIFA World Cup Stadiums Grant.

3.2.4. Two new clauses were introduced in this Bill:

- Clause 18 refers to the procedures in accessing and the requirements for the effective management of 2010 FIFA World Cup Stadiums Development Grant.
- Clause 20 stipulates that the benefiting municipality must participate in feasibility studies, enter into an agreement setting out their rights and obligations regarding the construction ownership and operation of the proposed infrastructure prior to the finalization of funding arrangements and the commencement of construction.

4. INPUTS BY STAKEHOLDERS IN THE PUBLIC HEARING

The stakeholders made the following inputs:

- Government should robustly educate the community on Small Business Projects and how they are funded.
- The community should be educated on budgetary issues and the budget processes as it is important for South African people to understand and know how money is allocated in the national, provincial and local spheres of government.
- Sectoral departments should conduct road shows at local municipalities to ensure that opportunity is given to stakeholders to outline their views.
- Monitoring mechanisms for the School Nutrition Programme (SNP) should be put in place to close loopholes for corruption by educators.
- The School Nutrition Programme should also be introduced in High schools as some of the children who attend those schools come from poor family backgrounds.
- The Department of Local Government should set aside budget allocation for the maintenance of ward Committees.
- Monitoring and evaluation of RDP houses should be tightened to ensure proper allocation.
- Retention strategy to retain Medical Practitioners and Health workers should be put in place.

- A comprehensive budget allocation for Home-Based Care Workers should be considered given the important role they play in helping elderly people and the sick who can no longer receive help from institutions such as clinics and hospitals.
- There is need for the government to devise strategies and plans on how to empower and improve the financial sustainability of local municipalities given the fact that most of them cannot even raise their own revenue.
- There is also need for the improvement of infrastructure in local municipalities to assist them in revenue generation.
- How is government going to address the issue of drop-outs in schools and Universities who do not qualify for learnerships?
- School transport budget should be allocated for all needy pupils who stay far from schools.
- The Bill should make provisions for HIV/AIDS and life skills programmes aimed at teaching children about the disease at an early age (primary school level).
- The HIV/AIDS grant should also include aspects such as the provision of good nutrition to HIV/AIDS sufferers.
- The Bill should make financial provisions in order to improve machines used for the delivery of old pension grants.
- A budget allocation for substance abuse by youth should be considered by government as the rate of substance abuse is growing daily.
- Grants aimed at empowering the youth should be allocated to youth councils in municipalities in order to effectively address issues and challenges facing the youth.
- The Bill should make meaningful financial provisions aimed at addressing the delivery of crucial services to the people such as water, sanitation and roads.
- The Bill should make provisions for the compensation of communities affected by disasters such as fire and drought.

5. FINDINGS

The Committee found that:

- 5.1. the Bill is Constitutional.
- 5.2. the Bill introduces the Community Library Services Grant to consolidate library services at provincial level and Gautrain Rapid Rail Link which provides national government funding contribution over a period of five years to the Gauteng Government.
- 5.3. Clause 18 which refers to the procedures in assessing and the requirements for the effective management of the 2010 FIFA World Cup Stadiums Development Grant was introduced in the Bill.
- 5.4. Clause 20 which stipulates that the benefiting municipality must participate in feasibility studies, enter into an agreement setting out their rights and obligations regarding the construction; ownership and operation of the proposed infrastructure prior to the finalisation of funding arrangements and the commencement of construction.

6. RECOMMENDATIONS

The Committee recommends that:

6.1 in Clause 6 of the Division of Revenue Bill clause 6(3) should read as follows:

"(3) The national government may appropriate a portion of its equitable share or excess revenue contemplated in subsection (2) to make further allocations in an adjustment budget to –

- (a) a national departments;
 - (b) provinces; or
 - (c) municipalities,
- as a conditional or an unconditional allocation."

The above mentioned amendment will change the meaning of the current draft as the conditional or unconditional allocation will also apply to national departments.

6.2 the following terms should be defined in the Bill:

"Equitable division" in sections 3, 4 and 5 of the Bill means

"Infrastructure Grant" in sections 14 and 15 means

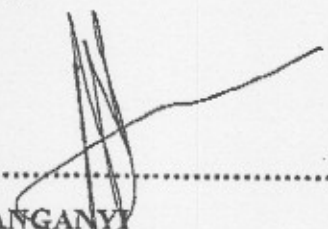
"Bulk infrastructure Grant" in section 20 means

6.3. the Division of Revenue draft Bill should be circulated before the Bill is published for purpose of consultation.

6.4. the Public should be actively involved in the budgetary process.

7. 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 vote in favour of the Bill, with recommendations, to be passed into law. I hereby move that this report be adopted as a report of this Honourable House.



.....
HON. M.J. MASWANGANYI
CHAIRPERSON: PORTFOLIO COMMITTEE ON
PROVINCIAL TREASURY

090327
SC Finance



GAUTENG
LEGISLATURE
Your View ~ Our Vision

FINANCE COMMITTEE

FINAL VOTING MANDATE

ON

THE DIVISION OF REVENUE BILL [B3-2007]

Monday, 20 March 2007

The Chairperson of the Finance Committee, Mr Bheki Nkosi, tabled the Final Voting Mandate on the Division of Revenue Bill [B3-2007] taking into account the comments and recommendations made on the Negotiating Mandate which was unanimously adopted by the Committee on Tuesday, 14 March 2007.

1. PROCESS FOLLOWED

Following the tabling of the Division of Revenue Bill by the National Minister of Finance in Parliament the Committee process were as follows:

- The Division of Revenue Bill was informally referred to the Finance Committee on Thursday, 23 February 2007 in terms of Rule 231(1).
- On Wednesday, 28 February 2007, the National Assembly passed the Bill and transmitted it to the NCOP for concurrence.
- The briefings on the Division of Revenue Bill by the Gauteng Permanent Delegate to the NCOP, Member Elliot Sogoni were received by the Committee on Thursday, 23 February 2006. Member Sogoni also briefed the Finance Committee on the hearings and further deliberations of the NCOP Select Committee on Finance.
- The Chairperson of the Finance Committee also attended the briefings on the Bill at the NCOP on Wednesday, 28 February by the National Treasury and The Financial and Fiscal Commission.
- The Finance Committee held public hearings from Friday, 09 March 2007 to 13 March 2007 with regard to the submissions made by the FFC on the Division of Revenue 2007/08 as well as proposals on the review of the Intergovernmental Fiscal Relations Systems (IGFRS).
- The Speaker formally referred the Bill to the Committee on Friday, 02 February 2007 in terms of Rule 232(1) (a) read with 235(4); (6) and (7) of the Gauteng Legislature.

- The Negotiating Mandates on the Division of Revenue Bill were processed and adopted by the Committee on 14 March 2007.
- The Committee also took cognisance of the comments and support by the Member of Executive Council for the Provincial Treasury in Gauteng, to the Division of Revenue Bill.
- The Final Voting Mandate on the Division of Revenue Bill [B3-2007] was considered for adoption by the Finance Committee on Friday, 16 March 2007.

2. PRINCIPLE OF THE BILL

The principle of the Bill is informed by Section 214(1) of the Constitution and the Intergovernmental Fiscal Relations Act, 1997, to provide for the following:

- 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;
- any other allocations to provinces, local governments or municipalities from the national government's share of that revenue, and any conditions on which those allocations may be made; and
- section 214(2) of the Constitution requires that the Bill may only be enacted after the provincial and local spheres of government and the FFC have been consulted, and after any recommendations of the FFC have been considered.

3. DETAIL OF THE BILL

All of the concerns raised by the Finance Committee in the negotiating mandate on the Division of Revenue Bill needs to be addressed over the MTEF. The detail and the negotiating positions adopted by the committee with regard to the clauses raised in the negotiating mandate should also be covered.

4. CONCLUSION

The Finance Committee unanimously supports the principle and the detail of the Division of Revenue Bill [B3-2007] as negotiated in the meeting of the Select Committee on Tuesday, 20 March 2007 at the National Council of Provinces with the recommendations as proposed in the negotiating mandate.

5. FINAL VOTING POSITION ADOPTED BY THE COMMITTEE

In terms of Section 65 of the Constitution, the Finance Committee recommends that the House confer authority on the Gauteng Provincial Delegate/s to the National Council of Provinces to vote in favour of the Division of Revenue Bill [B3-2007] with the proposed Select Committee amendments which are contained in the Division of Revenue.



Private Bag X 11289
Nelspruit 1200
Tel +27 13 766 1402
Fax +27 13 766 1458
Building No 1, Mpumalanga
Government Complex
Riverside, Nelspruit
Mpumalanga Province
www.mpuleg.gov.za

OFFICE OF THE SPEAKER

Enq.: Adv. Eric Phindela
Tel.: (013) 766-1397

FINAL MANDATE

DIVISION OF REVENUE BILL [B3-2007]

The Permanent Delegates representing the Province of Mpumalanga in the National Council of Provinces are conferred with authority to vote in favour of the Bill.

HON YN PHOSA
SPEAKER TO THE MPUMALANGA
PROVINCIAL LEGISLATURE

22.3.07
DATE

Ref.: FinalMandate.TXT

27-327
SC Finance

**Free State
Provincial Legislature
Provinsiale Wetgewer
Legotla la ketsamela**

Private Bag X20561
Bloemfontein
9300



Telephone/Telefoon/Mohala
(051)-407 1129
Fax/Faks:
(051) 447 1815

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

Report on conferral of authority to vote on the Division of Revenue Bill (B3-2007)

1. *Report on interprovincial negotiation*

The Committee received a report on who attended the interprovincial negotiation meeting at the NCOP held on 20 March 2007.

2. *Consideration*

The Committee considered the report, negotiating mandates from other provinces.

3. *Recommendations*

The Committee recommends that:

- (a) Authority be conferred to the Free State delegation to vote for the adoption of the Bill.

D A M KGOITHULE
Chairperson
Committee on Finance
Free State Legislature
26 March 2007

Ms E. Rockman
Secretary to the Legislature
Free State Province



IPHALAMENDE LAKWAZULU-NATALI



KWAZULU-NATAL PROVINSIALE PARLEMENT

KWAZULU-NATAL PROVINCIAL PARLIAMENT

TO: THE CHAIRPERSON,
NATIONAL COUNCIL OF PROVINCES

FINAL MANDATE

PROVINCE : KWAZULU-NATAL
BILL : DIVISION OF REVENUE BILL
[B3 – 2006]
DATE: : Thursday, 22nd March 2007

PROVINCIAL PROCESS :

Provincial Portfolio Committee/s : Finance & Economic Development Portfolio Committee
Portfolio Committee meeting date/s : Thursday, the 22nd of MARCH 2007
Provincial NCOP meeting date/s : Thursday, the 22nd of MARCH 2007
Consultation : Parliamentary Legal Advisors, Special & Permanent Delegates

VOTE OF THE KWAZULU-NATAL PROVINCIAL LEGISLATURE:


The Provincial Standing Committee on National Council of Provinces Matters met today, Thursday, the 22nd of March 2007, & agreed to mandate the KwaZulu-Natal delegation to the National Council of Provinces to support the Division of Revenue Bill [B3 – 2007].

The delegation is further mandated to consider any additional amendments, providing that-

- 1) the amendment/s does/do not alter the essential elements of the Bill; and

- 2) consensus is reached on the proposed amendment/s by the KwaZulu-Natal delegation.

PROVINCIAL ENDORSEMENT



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

Thursday, the 22nd March 2007

DATE