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REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 21 NOVEMBER 2023

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1. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON THE DIVISION OF REVENUE AMENDMENT BILL [B33 – 2023], DATED 21 NOVEMBER 2023

The Standing Committee on Appropriations having considered the *Division of Revenue Amendment Bill [B33-2023]* (National Assembly – section 76), reports as follows**:**

1. Introduction

The Minister of Finance tabled the Division of Revenue Amendment Bill (hereafter referred to as the Bill) in Parliament on 1 November 2023 during the presentation of the 2023 Medium Term Budget Policy Statement (MTBPS). The Bill was tabled in Parliament in terms of section 12(4) of the Money Bills Amendment Procedure and Related Matters Act No. 9 of 2009 (as amended by the Money Bills Amendments Procedure and Related Matters Amendment Act, No 13 of 2018). The Act requires the Minister of Finance to table a Division of Revenue Amendment Bill with a revised fiscal framework if the adjustments budget affects changes to the Division of Revenue Act for the relevant year.

The Bill was referred to the Committee on 15 November 2023 after the National Assembly adopted the 2023 Revised Fiscal Framework. The Committee received a briefing from National Treasury on the Bill in its entirety on 8 November 2023. The Financial and Fiscal Commission, Parliamentary Budget Office and the South African Local Government Association were also invited by the Committee to comment on the Bill. To facilitate public participation, the Committee published adverts in print media in all 11 official languages from 2 to 4 November 2023. The following stakeholders made submissions at the public hearing that was held on 17 November 2023:

- Amandla.Mobi;
- Rural Health Advocacy Project;
- TB Advocacy and Accountability Consortium;
- Section27;
- Congress of South African Trade Unions;
- Ilifa Labantwana; and

- National Union of Metalworkers of South Africa.

The Bill and its annexures address the following:

- Changes to schedules;
- Changes to provincial allocations;
- Changes to local government allocations; and
- Changes to gazetted conditional grant frameworks and allocations.

This report focuses on the proposed amendments to the Division of Revenue Act (Act No. 5 of 2023) as tabled by the Minister of Finance and the matters raised during the engagements with the invited stakeholders and the organisations that made submissions in response to the advertisements.

2. Summary of changes in the 2023 Division of Revenue Amendment Bill

An adjustments budget provides for unforeseen 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 utilisation of savings; and the roll-over of unspent funds from the preceding financial year.

3. Equitable division of revenue raised nationally among the three spheres of government

Table 1: Schedule 1: Equitable division of revenue raised nationally among the three spheres of government

Spheres of government	**Column A**		
	2023/24 Main Allocations	**Adjustment**	**2023/24 Adjusted Allocation**
	R'000	**R'000**	**R'000**
National[1, 2, 3]	1 370 506 089	(2 555 077)	1 367 951 012
Provincial	567 527 713	17 558 206	585 085 919
Local	96 546 258	(1 357 517)	95 188 741
Total	**2 034 580 060**	**13 645 612**	**2 048 225 741**

1. *National share includes conditional allocations to provincial and local spheres, general fuel levy sharing with metropolitan municipalities, debt-service costs, the contingency reserve and provisional allocations*
2. *The direct charges for the provincial equitable share are netted out*

Source: National Treasury (2023 Division of Revenue Amendment Bill)

4. Changes to provincial government allocations

4.1. Additional funds to the provincial equitable share

A proposed amount of R17.6 billion is added to the provincial equitable share to fund the costs of implementing the 2023/24 wage agreement in the health and education sectors ***(Schedule 2 of the Bill).***

4.2. Fiscal consolidation reductions

Direct provincial conditional grants are reduced by a proposed total amount of R6.2 billion, including reductions of ***(Schedule 4, Part A and Schedule 5, Part A of the Bill):***

- A proposed amount of R125 million from the comprehensive agricultural support programme grant;
- A proposed amount of R36 million from the ilima/letsema projects grant;

- A proposed amount of R7 million from the landcare programme grant: poverty relief and infrastructure development;
- A proposed amount of R58 million from the early childhood development grant;
- A proposed amount of R1.6 billion from the education infrastructure grant;
- A proposed amount of R28 million from the HIV and AIDS (life skills education) grant;
- A proposed amount of R50 million from the maths, science and technology grant;
- A proposed amount of R1 billion from the district health programmes grant;
- A proposed amount of R440 million from the health facility revitalisation grant;
- A proposed amount of R1.7 billion from the human settlements development grant;
- A proposed amount of R477 million from the informal settlements upgrading partnership grant: provinces;
- A proposed amount of R31 million from the expanded public works programme integrated grant for provinces;
- A proposed amount of R31 million from the social sector expanded public works programme incentive grant for provinces;
- A proposed amount of R68 million from the community library services grant;
- A proposed amount of R43 million from the mass participation and sport development grant; and
- A proposed amount of R550 million from the provincial roads maintenance grant.

4.3. Reductions to the school infrastructure backlogs grant

A proposed total amount of R260 million is reduced from the school infrastructure backlogs grant. Of this amount, R175 million forms part of the budget consolidation and R85 million lowers the reduction to the early childhood development grant ***(Schedule 6, Part A of the Bill).***

4.4. Reprioritisation from the school infrastructure backlogs grant

A proposed total amount of R57 million is reprioritised from the school infrastructure backlogs grant to the vote of the national Department of Basic Education. Of this amount, R32 million will fund compensation of employees pressures; and R25 million will fund information and communication technology upgrades ***(Schedule 6, Part A of the Bill).***

4.5. Rollover of funds in the school infrastructure backlogs grant

A proposed total amount of R137 million is rolled over in the school infrastructure backlogs grant for schools in the Eastern Cape, KwaZulu-Natal and Limpopo ***(Schedule 6, Part A of the Bill).*** Of this amount:

- R93 million is for the completion of projects of the Sanitation Appropriate for Education initiative for schools which deals with the replacement and removal of inappropriate and unsuitable sanitation, including pit toilets at schools;
- R26 million is for the completion of projects of the Accelerated Schools Infrastructure Delivery initiative which deals with eradicating backlogs in schools without water, sanitation and electricity and to replace schools constructed from inappropriate material; and
- R18 million is for associated management costs.

5. Changes to local government allocations

5.1. Declared underspending in the local government equitable share

In January 2023, the National Energy Regulator of South Africa (NERSA) approved a bulk electricity tariff increase of 18.7 per cent for the 2023/24 financial year. The subsidy for free basic electricity in 2023/24 was calculated to include an additional 2 per cent in anticipation of higher municipal tariff increases than those published in January, due to the difference in the financial years of Eskom customers and municipalities. A further R1.4 billion was left unallocated in the local government equitable share to enable additional funding for municipalities should the final municipal tariff increase that was expected to be published between March and June 2023, exceed the 20.7 per cent increase provided for. In June 2023, NERSA approved a municipal tariff increase of 15.1 per cent. The unallocated amount of R1.4 billion in the local government equitable share is therefore surrendered as declared under-expenditure ***(Schedule 3 of the Bill).***

5.2. Fiscal consolidation reductions

There is a proposed total downward adjustment of R3.4 billion to direct municipal conditional grants, ***(Schedule 4, Part B and Schedule 5, Part B of the Bill),*** as follows:

- A proposed amount of R9 million from the infrastructure skills development grant;
- A proposed amount of R58 million from the programme and project preparation support grant;
- A proposed amount of R32 million from the expanded public works programme integrated grant for municipalities;
- A proposed amount of R1.2 billion from the municipal infrastructure grant;
- A proposed amount of R306 million from the informal settlements upgrading partnership grant for municipalities;
- A proposed amount of R553 million from the urban settlements development grant;
- A proposed amount of R180 million from the integrated national electrification programme grant for municipalities;
- A proposed amount of R40 million from the neighbourhood development partnership grant;
- A proposed amount of R600 million from the public transport network grant;
- A proposed amount of R237 million from the regional bulk infrastructure grant; and
- A proposed amount of R244 million from the water services infrastructure grant.

5.3. Funds for post disaster repair and recovery

A proposed amount of R1.2 billion is added to the municipal disaster recovery grant to fund the reconstruction and rehabilitation of municipal infrastructure damaged by the floods that occurred between February and March 2023 ***(Schedule 5, Part B of the Bill).***

5.4. Top-up of the municipal disaster response grant

Due to the floods that occurred between February and March 2023, the municipal disaster response grant was depleted by June 2023. A proposed amount of R372 million is added to this grant to enable immediate response by municipalities in the event that a disaster occurs in the remaining months of the 2023/24 financial year ***(Schedule 7, Part B of the Bill).***

5.5. Conversion of municipal infrastructure grant allocations

A proposed amount of R10 million from uThukela Local Municipality's allocation is converted to an indirect allocation for implementation of the Ekuvukeni Water Supply Project by the

Department of Cooperative Governance on the municipality's behalf. The project entails the replacement of an asbestos rising main from the Oliphanskop water treatment works ***(Schedule 5, Part B of the Bill).***

Similarly, a proposed total amount of R20 million from Emfuleni Local Municipality's allocation is converted to an indirect allocation to address the outfall of sewer in Evaton and Sebokeng ***(Schedule 6, Part B of the Bill).***

5.6. Conversion of neighbourhood development partnership grant allocations

A proposed amount of R88 million in the neighbourhood development partnership grant is converted from the direct to the indirect component of the grant. This is to expedite project implementation in municipalities that are experiencing administrative and financial challenges ***(Schedule 5, Part B and Schedule 6, Part B).***

5.7. Reduction in the integrated national electrification (Eskom) grant

As part of the fiscal consolidation reductions, the integrated national electrification (Eskom) grant is reduced by a proposed amount of R250 million.

5.8. Reprioritisation from the integrated national electrification (Eskom) grant

A proposed amount of R53 million is reprioritised from the integrated national electrification (Eskom) grant to the vote of the national Department of Mineral Resources and Energy to fund the rehabilitation of derelict and ownerless mines.

5.9. Shift of funds from the regional bulk infrastructure grant to the water services infrastructure grant

A proposed amount of R309 million has been shifted from the indirect component of the regional bulk infrastructure grant to the indirect component of the water services infrastructure grant. This is to enable the Department of Water and Sanitation to manage contractual obligations, budget pressures, accruals and payables for projects in several municipalities ***(Schedule 6, Part B of the Bill).***

6. Changes to gazetted frameworks and allocations

6.1. Changes to the municipal disaster recovery grant framework

A proposal is made to amend the framework of the municipal disaster recovery grant to ring-fence the additional R1.2 billion for the repair and reconstruction of municipal infrastructure damaged by the floods that occurred between February and March 2023. The framework will be gazetted in terms of section 15(2) of the Division of Revenue Act, 2023, after consulting Parliament. The condition stipulates that these additional funds may only be utilised for projects that have been approved and listed in the post disaster verification assessment reports and business plans approved by the National Disaster Management Centre (NMDC).

6.2. Correction of an error in the indirect allocations of the regional bulk infrastructure grant

A proposed amount of R20 million for the Kirkwoord Water Project that was erroneously allocated to Dr Beyers Naude Local Municipality is corrected to an allocation to Sundays River Valley Local Municipality.

6.3. Expanded public works programme integrated grant for provinces

The former Western Cape departments of Human Settlements, and Transport and Public Works have been merged to create the new Department of Infrastructure, following a Proclamation signed by the President on 20 February 2023. This merger took effect from 01 April 2023. Allocations of R3 million and R4 million that were previously allocated to the former Western Cape departments of Human Settlements, and Transport and Public Works respectively have been combined, as the framework of the expanded public works programme integrated grant for provinces requires that eligible provincial departments sign a grant agreement with Department of Public Works and Infrastructure. This change will allow for the signing of one grant agreement with the newly formed department.

7. Comments and hearings on the Bill with identified stakeholders

The section below provides an overview of the comments that were made on the Bill by the invited stakeholders.

7.1. Financial and Fiscal Commission

The Financial and Fiscal Commission (FFC) submitted that over the 2024 Medium Term Expenditure Framework (MTEF), the budget for provinces would reach R784.6 billion. Between 2023/24 and 2024/25, these allocations would increase from R706.4 billion to R720.5 billion, representing an insignificant nominal growth of 2 per cent. The total allocation for provinces was expected to remain low in the outer years of 2024 MTEF, with marginal nominal growth of 4.4 per cent and 4.27 per cent in 2025/26 and 2026/27, respectively. The FFC further submitted that the provincial equitable share (PES) was expected to increase from R585.1 billion in 2023/24 to R589.5 billion in 2024/25, a marginal nominal increase of R4.4 billion, or 0.75 per cent; and was expected to increase marginally in the outer years of the 2024 MTEF and reach R644.3 billion in 2026/27. The FFC reported that the key driver of this marginal increase in the PES funding was compensation of employees, particularly in the education and health sectors. The FFC pointed out that the additional funding to the amount of R68.2 billion over the 2024 MTEF was not meant for any improvement of service delivery. The FFC further submitted that the PES was projected to increase by lower than inflation over the 2024 MTEF, which would negatively affect the provinces' finances.

Regarding conditional grant allocations, the FFC submitted that there had been a decrease of R2 billion in 2023/24 to fund the 2023 public service wage agreement and debt service costs. The FFC was of the view that this would negatively affect provinces' ability to deliver services and infrastructure to poor households, including housing. However, the FFC noted that the allocation of provincial conditional grants was projected to increase by 8 per cent in 2024/25 and further increase marginally in the outer years of the 2024 MTEF. The FFC explained that this marginal growth in conditional grants for provinces, especially in the outer years of the 2024 MTEF, was viewed against expenditure needs in key sectors such as education and health and the dependency of provinces on conditional grants to deliver infrastructure. In addition, some reforms, such as the implementation of the National Health Insurance (NHI) was likely to affect the implementation of key government projects and programmes negatively.

Regarding local government, the FFC noted the additional funds in the 2023 MTEF; explaining that multiple risks impacted on municipalities' ability to deliver services. The FFC stated that the local government equitable share (LGES) would grow at a nominal average of 5 per cent, with 6 per cent in 2024/25 and 5 per cent and 4 per cent, respectively, in the outer years of the MTEF. However, in real terms, it was set to grow by an average of 0 per cent over the 2023 MTEF. As such, the FFC encouraged government to reconsider the growth rate of the LGES in the outer years so that poor households were cushioned against the rising cost of free basic services. The FFC pointed out that while there was a need for municipalities to be funded equitably, municipalities should make use of available resources efficiently, while optimising their existing own revenue base.

The FFC stated that local government conditional grants were primarily used to fund the development of bulk infrastructure underpinning basic service delivery. The FFC welcomed the decision to reconfigure and revise the Urban Settlement Development Grant (USDG), the Integrated City Development Grant (ICDG) and the Municipal Infrastructure Grant (MIG) to ensure that municipalities were better positioned to respond to climate change. In addition, the FFC welcomed the additional R370 million to the Municipal Disaster Recovery Grant, in response to the recent disasters affecting many parts of the country. However, the FFC implored municipalities and government to be more proactive than reactionary about climate change. The FFC reiterated its concern over the poor spending on repairs and maintenance of municipal infrastructure; highlighting that proper infrastructure maintenance played a crucial role in addressing climate change impacts.

The FFC stated that overall, local government conditional grant allocations were set to increase by 7 per cent in the 2024/25 financial year. Thereafter, the allocations were set to increase at diminishing rates of 5 per cent and 1 per cent in 2025/25 and 2026/27, respectively. In real terms, local government conditional grants would increase by an annual average of 0 per cent. In the context of the 2023 Budget, in which several fiscal consolidation measures had been announced, the FFC found this trend not surprising, but worrisome, given the infrastructure backlogs plaguing the local government sphere. The FFC implored government to rethink the growth of these conditional grants in the outer years, and implored municipalities to strengthen the spending capacity for these grants.

The FFC commended government on the Eskom debt relief afforded to municipalities and explained that the Municipal Finance Management Act (MFMA) Circular No.124 set out conditions meant to help municipalities restore financial prudence, accountability, and overall integrity while receiving relief of their debt to Eskom. However, the FFC raised concerns over the punitive nature of the conditions attached to the debt relief, particularly the condition that Eskom would take over the electricity provision function from a municipality who failed to meet the debt relief conditions. The FFC explained that electricity was the main revenue source for municipalities and taking this function from them would have detrimental consequences on municipal sustainability, further worsening their dependency on national transfers.

The FFC made the following recommendations in respect of the Bill:

- Noting the significant cuts to conditional grant funding to provinces, which were likely to negatively affect implementation of key projects including the NHI and infrastructure projects; the FFC recommended that government developed a comprehensive macroeconomic policy framework to inform its fiscal consolidation efforts and a funding plan to ensure implementation of key projects and programmes were not negatively affected.
- The FFC reiterated its previous recommendation that National Treasury, in consultation with SALGA, the Department of Cooperative Governance (CoGTA) and provincial governments, should urge local municipalities to apply effective revenue enforcement and credit control mechanisms and improve billing and accounting systems to increase payment and cost coverage levels. Officials responsible for managing municipal finances should possess the competencies and skills required to perform their roles. In addition, municipalities should apply the prescripts of legislation such as the Municipal Systems Act, the Municipal Property Rates Act, the Municipal Structures Act, the MFMA, and other municipal service provision by-laws to enforce payment from residents.
- The FFC recommended that the National Treasury review the condition for municipal debt relief that involved the taking over of the electricity license from a municipality who failed to comply with the other conditions of the debt relief. Alternatively, the FFC recommended that CoGTA, in consultation with SALGA, ensured that the credit control systems of Eskom and municipalities were aligned by means of a memorandum of understanding (MOU), and that Eskom assist municipalities with credit control via electricity disconnections within areas supplied by Eskom.

7.2. South African Local Government Association

The South African Local Government Association (SALGA) indicated that a weaker global growth outlook and the risks thereof will have significant implications for local government. This may result in reduced nationally raised revenue that will impact on the funding allocation to local government. Local government faced increased pressure to deliver more services with declining budgets. This will lead to delays in service delivery and deteriorating service quality as local government struggle to cope with limited resources. SALGA recommended that national government should design a comprehensive social security programme to protect vulnerable communities that are impacted by the negative global economic outlook and its effects.

With regard to the domestic economic outlook, SALGA submitted that the downward revision of the GDP forecast will have negative implications to local government. Furthermore, loadshedding continued to have a negative impact on local government as is evident in the impact study on finances and infrastructure (2023) which found that:

- R21 billion was lost due to unserved energy;
- R1.6 billion was spent on fixing vandalized, stolen electrical infrastructure and equipment;
- R1.4 billion was spent on fixing vandalized WWTW facilities;
- R1.1 billion was spent on overtime and contractors; and
- R596 million was spent on security (electrical and WWTW).

SALGA welcomed the initiatives to include the private sector in the financing of public infrastructure as well as the review of the PPP regulations that will unlock financing, technical abilities and greater participation in PPP projects. SALGA proposed that there be consultation of organized local government on all municipal legislative changes as well as constant impact assessment of legislation to achieve its intended outcomes. SALGA made the following recommendations in respect of the economic outlook:

- That national government should design a comprehensive social security programme to protect vulnerable communities that are impacted by the negative global economic outlook and its effects.
- That National Treasury notes the financial impact of power outages and must consider compensating municipalities for unintended costs associated with energy crisis.
- That the implementation of the economic recovery strategies be inclusive of local economies in municipalities to assist businesses in distress.
- That local government must be allocated funding for the rehabilitation of roads damaged due to the failure of the rail system.

SALGA submitted that organised local government does not accept the -0.02 per cent or -R3.3 billion downward revision of the gross allocation to local government for the 2023/24 financial year. SALGA submitted that the budgeting allocations over the MTEF continued to stagnate and decline for local government. Proposed allocations over the MTEF ignored the current realities in local government of growing expenditures which outpaced eroding own revenues of municipalities. SALGA asserted that the structural under-funding of the local sphere of government and the realization of the aspirations contained on the White Paper on Local Government 1998 cannot be attained by decreases from nationally raised revenue.

With regard to the local equitable share, SALGA submitted that it welcomed the 6 per cent increase in 2024/25 financial year; however, the growth was on a downward trend over the outer years. This was concerning when looking at population growth and unemployment trends in municipalities. To this end, SALGA recommended that increments should be adjusted for inflation to determine the real increases. Without considering inflation, the proposed increases may not reflect genuine growth in funding. SALGA continued that national government must determine the equitable share allocations which take into account the full costs in the formula.

SALGA asserted that section 152(2) of the Constitution of the Republic of South Africa obligated municipalities to strive to achieve the objects of local government within the financial and administrative capacity that exists. A deeper analysis of these obligations indicated that the functions allocated to local government far outweighed functions allocated to the other 2 spheres of government. SALGA's own analysis has established that local government was responsible for 46 per cent of the constitutional functions whilst it received the lowest share of nationally raised revenue. Thus, there was disequilibrium in the allocation of resources versus the allocation of functions.

SALGA made reference to MFMA Circular 124 (Municipal Eskom Debt Relief) dated 31 March 2023 and submitted that it supported the majority of the conditions with the exception of condition 6.14 which related to the revocation of distribution licenses of municipalities. SALGA asserted that the condition must be removed and replaced with section 78 of the Municipal Systems Act assessment and that funding be made available for smart meters and water collection tools for recipients of the Eskom Debt Relief Package.

7.3. Parliamentary Budget Office

The Parliamentary Budget Office (PBO) provided an overview of the division of nationally raised revenue between the three government spheres, with national receiving 48.8 per cent, provincial 41.7 per cent, and local government 9.5 per cent to fulfil their respective responsibilities. The PBO submitted that the average annual growth over the 2024 MTEF to the national, provincial, and local government spheres were 2.3 per cent, 3.6 per cent and 4.4 per cent, respectively. The PBO commented that growth from the revised 2023/24 to the 2024/25 financial year was only 1.8 per cent at national level, 2.0 per cent at provincial level, and 5.3 per cent at local government level. The PBO added that the increase in the PES might not be sufficient to cover the implementation of the public service wage agreement.

The PBO indicated that government was continuously attempting to increase the proportion of available non-interest spending to local government due to spending pressures from lower economic growth and high borrowing costs, which was not evident in the outcomes. However, transfers to provinces and municipalities were estimated to grow by 4.8 per cent over the 2024 MTEF, which was lower than the previous estimate of 6.8 per cent in the 2023 MTEF.

8. Public submissions on the Bill

The sections below provide summaries of the inputs made by organisations and individuals in response to the advertisement calling for submissions from the public on the Bill.

8.1. Amandla.Mobi

Amandla.Mobi (AM) welcomed the extension of the R350 Social Relief of Distress (SRD) grant to March 2025, but noted that the budget allocation had decreased from R40 billion in 2022 to R34 billion. AM submitted that the SRD grant had been plagued by maladministration and that exclusionary regulations had led to millions of applicants being rejected. Therefore, the budget cut would lead to more people being pushed into deeper poverty. AM repeated its previous call for National Treasury to increase the grant amount and to urgently turn it into a basic income grant (BIG) and further asked that all social grants be increased by R500.

AM reported that, since its inception in 2020, the Presidential Youth Employment Initiative (PYEI) had provided employment opportunities for more than 830 000 youth and that by August 2023, four million young people were reported to have been registered onto its network. However, it expressed disappointment that its year-long extension came at the expense of other social intervention programmes under the Presidential Employment Stimulus. It remained unclear which programmes would be defunded; while youth organisations such as the Youth Capital, were actively advocating for more funding. Unemployed youth relied on the programme for money and work experience to increase their employability in an already challenging environment. AM called on the Committee to determine which programmes would be cut and to encourage the Presidency to find the money to continue funding the stimulus package.

AM was encouraged by the Minister of Finance's plans for more taxes in the next budget and reiterated the need for a wealth tax. It stated that the South African Revenue Service (SARS) was doing well with identifying and tracking individuals evading tax. It called on the Committee to urge National Treasury to increase personal income tax for those earning over R1 million annually, and to introduce an annual net wealth tax at a higher rate of 3 per cent for those with a wealth of more than R3.8 million; 7 per cent for those with a wealth of more than R30 million; and 9 per cent for those with a wealth of more than R146 million.

AM expressed concern over the reduction R24 billion in the budget for public healthcare in the MTBPS. This was while the country was struggling with a shortage of health care practitioners and overcrowded public hospitals that faced shortages in resources and medicine. In addition, funding for HIV/AIDS and TB services had been cut by R1 billion, with further cuts to healthcare infrastructure funding. While more money was allocated for wage costs in the education sector, the budget for education had not been increased; with a R 1.7 billion reduction to school infrastructure funding. AM submitted that reducing funding for the health and education sectors further exacerbated poor health and inequality.

AM further submitted that National Treasury had requested an extension to provide it with the research evidence behind its decision not to tax the rich more and to increase social grants. AM stated that it was alarming that National Treasury could not readily provide such information. Following different petitions signed by hundreds of thousands, a fraction of AM's demands had been implemented, but this had been undermined by continuous austerity budgets. While National

Treasury claimed that the country had no money, corruption scandals continued with millions being misused, under-spent, or unaccounted for.

8.2. Rural Health Advocacy Project

The Rural Health Advocacy Project (RHAP) acknowledged the work by the national department of health to ensure that provinces would receive the additional allocations needed to fund the increases to health care workers agreed in 2023. However, while the immediate provincial health funding crisis was averted, RHAP was concerned that doing this required significant adjustments to several programs including the district health program grant (HIV/AIDS) and the health facility revitalization grant. A further concern was that the funding of wage increases was limited to health and education. Provinces were expected to fund other staff increases from within existing budgets which will likely lead to erosion of provision of welfare services, maintenance of essential infrastructure, and decreased work opportunities for rural communities who were heavily dependent on publicly funded services.

RHAP submitted that South Africa was facing significant economic uncertainty both globally and domestically, with National Treasury expecting economic growth to remain weak. Lower tax revenue, higher debt servicing costs, and further public sector wage negotiations will place additional strain on the already fragile health services. RHAP asserted that in order to ensure that access to health care services by underserved groups such as rural communities, will require that essential services be prioritized. RHAP made the following recommendations:

- That a joint sitting of the portfolio committee health, finance and appropriations be called to consider the impact of budget cuts on the state's ability to meet its constitutional mandates.
- That all provinces be invited to present plans detailing what measures are being implemented to ensure that rural health services are protected from budget cuts.
- That the national department of health be invited to outline what plans are in place to implement the National Human Resources for Health Strategy.

8.3. TB Advocacy and Accountability Consortium

The TB Advocacy and Accountability Consortium (TBAAC) submitted that in 2022, Tuberculosis (TB) was the second leading cause of death globally, following only COVID-19. TB caused almost twice as many deaths as HIV/AIDS according to World Health Organisation's (WHO) annual TB report. TBAAC stated that the TB Recovery Plan was initiated as a TB programme intervention to address care cascade loss and to accelerate efforts towards attaining the NSP, UNHLM, SDG and End TB targets. However, the current constrained fiscal conditions impacted negatively on the TB Recovery Plan. TBAAC highlighted challenges such as delayed TB notifications and undiagnosed persons living with TB especially in rural areas and submitted that there was a need for the ring-fencing of budgets in public service hospitals. TBAAC proposed that the following be done to address the issue of TB:

- The TB recovery plan necessitates increased linkage to care.
- There is a need for coordinated action, priority and transparency.
- Strengthening community outreach with focused investment in priority districts.
- There is a need for Community Health Workers that are well trained, well-staffed clinics and efficient collection of results - better use of the SMS notification system.
- Amidst uncertainty on future funding flows, it is essential that Parliament considers how existing publicly funded health care capacity is optimized and that it prioritizes those with the greatest need.
- That R500 million for TB community outreach programmes be included in the District Health grant.
- That civil society be part of response interventions in respect of TB.

8.4. SECTION27

Section 27 expressed concerns about the general impact of budget cuts on the delivery of services. Underfunding of the education and health sectors were cited as having a devastating bearing especially on children's access to education and in general, access to primary health care services by the citizens.

Section 27 raised concerns that the budget was not gender-sensitive and does not address the plight of women. In this regard, reference was made to the negative bearing the budget has on the women-headed households and the employment opportunities in which women are underpaid. In light of this, Section 27 recommended that fiscal policies should reflect interventions to address gender and racial inequalities.

Section 27 expressed its appreciation on the increase of the Provincial Equitable Share (PES) and for the making funds available to assist with the compensation of teachers and nurses. However, it bemoaned the effects of the real-term budget reductions as these impact on the projected quality of services to be rendered to the communities. Section 27 registered concerns on the contracting allocations regarding compensation of workers and the skeletal staff that operate in key areas like education and health.

Over and above, Section 27 made the following recommendations:

- That Parliament should develop a more open, broad-based, and inclusive budget in line with the `human rights impact assessment` during the budget consultation process.
- That government should introduce gender-based budgeting to address the plight of women-led households.
- Gender-based budgeting should find expression in the review of the public sector wage bill.
- Healthcare allocations should be aligned to the CPI and government must show its plans to meet its health goals with a lean budget.

8.5. Congress of the South African Trade Unions

The Congress of South African Trade Unions (COSATU) appreciated that a large component of the adjustments in the Bill, namely R17.6 billion, catered for the 2023/24 public wage agreement. It stated that workers had the right to a living wage and protection from inflation erosion and that rebuilding collective bargaining and multi-year agreements would prevent the need to adjust budgets after the fact to accommodate wage agreements. COSATU further welcomed the additional allocations of R1.2 billion and R372 million to repair infrastructure damaged by natural disasters.

COSATU expressed concern over cuts in provincial grants amounting to R6.2 billion in respect of infrastructure grants of R1.7 billion and to municipal infrastructure to the amount of R1.2 billion. Whilst appreciating the pressures to reprioritise, COSATU expressed deep concern over significant budget cuts to the following departments and programmes:

- Basic Education: Education Infrastructure, R1.6 billion; School Infrastructure Backlogs, R179 million; and Early Childhood Development Infrastructure, R58 million.
- Health: District Health (HIV/AIDS) R1 billion; and Health Facilities Revitalisation R440 million.
- Agriculture, Land Reform and Rural Development: Comprehensive Agricultural Support R124 million.

- Human Settlements: Urban Settlements Development R1.7 billion and R553 million; Informal Settlements Upgrade R476 million and R305 million.
- Transport: Provincial Roads Maintenance R550 million; and Public Transport Network, R600 million.
- Integrated National Electrification Programme: R302 million and R180 million.
- Water and Sanitation: Regional Bulk Water Infrastructure, R236 million; and Water Services R244 million.

COSATU found it concerning that the Bill was silent on the reasons for, and impact of, some of these cuts. Furthermore, no mention was made regarding what mitigation measures could be put in place to reduce the impact of said cuts. COSATU further asked what measures were being put in place to capacitate provincial and local governments to spend efficiently.

COSATU made the following recommendations:

- Government needed to urgently intervene at Transnet and Metrorail to secure and rebuild the freight and passenger railway network and modernise ports. Turning Transnet around was crucial to avoid a mining jobs bloodbath and a revenue crisis.
- Government needed to deal with the real obstacles suffocating the economy, workers, and businesses if the economy is to grow, and unemployment and debt reduced. Government needed to table an aggressive Budget that protects the poor and rebuilds the State.
- Government must provide additional support to Eskom, which was making considerable progress, to end loadshedding and ensure reliable and affordable electricity.
- Dysfunctional municipalities needed to be overhauled and basic services restored. Debt relief provided for various municipalities was positive but needed to be accompanied by capacity-building interventions.
- SARS needed to be allocated additional resources to address tax and customs evasion, conduct lifestyle audits of the wealthy and generate badly needed revenue. SARS had proven itself to be efficient and needed further funding to increase tax compliance from 64 percent to 70 percent over next two years. This will generate an additional R120 billion in revenue.
- Critical frontline vacancies in the South African Police Service, the National Prosecuting Authority and courts needed to be filled to enable them to crack down on crime and corruption.

- Government must grant relief to commuters and the economy by reducing taxes consuming 28 per cent of the fuel price and to place the chaotic Road Accident Fund under administration to lessen its need for fuel levy hikes.
- The Presidential Employment Programme must be expanded to accommodate two million active participants by the February 2024 national budget, to help young people earn a salary, gain experience, and enter the labour market.
- The crucial SRD Grant needed to be increased to the food poverty line to recover value lost to inflationary erosion, and its recipients must be linked to skills and jobs.
- Badly needed infrastructure investments must be expedited and not frozen.
- Government should ensure that the two-pot pension reform is implemented in 2024 and the immediate relief increased to R50 000 for indebted workers, providing relief for millions and injecting a badly needed stimulus into the economy.

8.6. Ilifa Labantwana

Ilifa Labantwana's submission focused on the importance of funding early childhood development (ECD). It believed that ensuring universal access to the full package of quality ECD services for children and caregivers, as envisioned in the National Development Plan (NDP), was the single greatest opportunity to reduce structural inequality, improve working conditions and tackle unemployment in the country. Ilifa Labantwana reported that the link between investments in ECD and economic outcomes was well documented. Furthermore, poor early childhood outcomes were directly associated with a wide range of negative socio-economic consequences, from reduced economic growth, lower returns to investment in basic and higher education, poorer health outcomes, drug abuse, higher unemployment, and crime. Conversely, in an era of constrained public finances, investing in ECD could be among the most cost-effective routes to job-rich economic growth. According to its modelling, through incremental, well-targeted investments in the ECD sector, starting with additional annual funding of only R700 million, government could –

- Improve the skills and working conditions of around 200 000 women already working in the sector;
- Create 300 000 new livelihood opportunities for women in township and rural economies; and
- Relieve childcare burdens for up to two million caregivers.

In addition, investing in ECD services would stimulate local economic activity, particularly in low-income communities, through auxiliary services, infrastructure and goods, and more cash transactions. In this way, ECD could be a significant driver of economic development and reductions in gender inequality in the short-medium term. It could further dramatically close the school-readiness gap and improve the returns to investment from basic education spending. However, policies addressing basic nutrition, childcare and early learning, and support for caregivers, had been grossly underfunded. Current funding for early learning programmes attended by 2.2 million children amounted to only R4 billion, 0.2 per cent of government expenditure. This was pale in comparison to expenditure of R310 billion on basic education and R136 billion on post-school education and training. Ilifa Labantwana commented and made the below recommendations in respect of the Bill.

Provincial Equitable Share

- National Treasury, NDoH, DSD and provincial departments must commit to ensuring that any impact of budget cuts on human rights and especially children’s rights are minimized or avoided.
- Parliament may require evidence from National Treasury that due regard was given to the impact of the proposed cuts on the rights of the vulnerable –for example, human rights impact assessments.
- Provincial education departments must be capacitated with the appropriate human resources to manage improvements in quality and access to ECD.
- Members of Provincial Legislatures should apply proper scrutiny to provincial adjustments budgets.

ECD Conditional Grant

- That the Department of Basic Education and provincial education departments consult the ECD sector on a plan to effectively spend ECD infrastructure funding to ensure there are no further cuts in 2024/25.
- That the ECD subsidy be increased to R20 per child per day in 2024/25 and to R45 by 2030, to meet the National Development Plan targets.

Nutrition

- The ECD subsidy is well targeted at children in low-income communities and since a portion must be spent on food, increasing the subsidy could serve as an excellent nutrition intervention.

- That a national young child nutrition programme be introduced through the 43 000 Early Learning Programmes (registered and unregistered) in South Africa.
- That the Child Support Grant of R505 per month be increased to the Food Poverty Line of R760 per month.

8.7. National Union of Metalworkers of South Africa

The National Union of Metalworkers of South Africa (NUMSA) highlighted the resultant impact of the government`s application of austerity measures and how these contribute to the malfunctioning state of the municipalities. Regarding the ratio of civil servants versus the population, NUMSA indicated that the country has less civil servants that are expected to serve a population of 62 million. In its submission, NUMSA pointed to this as a direct cause for a brain drain.

NUMSA decried the failure of the macro-economic policies as a direct cause of the state of dysfunctionality of the State-Owned Enterprises like Transnet and Eskom. According to NUMSA, these SOEs lose infrastructure due to vandalism. On the other hand, NUMSA commented on the alarming rate of youth unemployment which stood at 60 per cent and the general unemployment rate which stood at 42.1 per cent.

NUMSA also highlighted the devastating impact of loadshedding on the closures of businesses, and therefore, losing potential tax contribution from the closed businesses. NUMSA crafted the following recommendations for consideration by the Committee:

- There must be an urgent intervention on Transnet and Metro Rail to unblock freight challenges through, among others, use of modern technology for effective and optimum functionality of these SOEs.
- There should be an income grant for unemployed people for poverty reduction.
- Government should fund programmes that increase skills and job opportunities that are key to making citizens independent and productive.

8.8. Dearsqth@pegasus.aserv.co.za poll

This platform could not be located on any search drive and as such could not be invited to make an oral presentation during the public hearings. A total of 453 submissions were received via the Dearsqth@pegasus.aserv.co.za platform. Based on the identical nature of the responses *(No, I don't,* *all the above*), the platform ran what seemed to be poll. Unfortunately, Parliament has no idea of how the question(s) were worded. Some participants added information which included them stating that (1) South African government was a Welfare State; (2) The R350 covid payment should stop; (3) Child support should be limited to 2 children; (4) All payments to elected politicians in all 3 tiers of government should be halved; (5) public employee salaries should be frozen; (6) government Ministers should be cut to no more than 20, with no Deputy Ministers; (7) Any woman of child bearing age that receives any government payment, including student loans must agree to receive contraceptive injections whilst receiving the payments.

9. Committee findings and observations

Having deliberated and considered all the submissions made by the above stakeholders on Division of Revenue Amendment Bill [B33-2023], the Standing Committee on Appropriations makes the following findings and observations:

9.1. The Committee notes and welcomes the proposed addition of R17.6 billion to the provincial equitable share to fund the costs of implementing the 2023/24 wage agreement in the health and education sectors.

9.2. The Committee notes with concerns the proposed reduction of R6.2 billion in direct provincial grants allocation. The Committee is concerned that provinces have limited revenue sources and are mostly dependant on conditional grants to deliver on their mandates. The Committee is of the view that these proposed reductions will negatively affect ability of provinces to deliver services and infrastructure to poor households.

9.3. The Committee notes with concerns the proposed reduction of R260 million on the schools infrastructure backlog grant. Given the poor state of some public schools, particularly in rural provinces, the Committee is concerned that these proposed reductions will further delay the eradication of inappropriate schools' infrastructure and further disadvantage poor household who are mostly dependant on public schools for education.

9.4. The Committee notes and welcomes the proposed rollover of R137 million in the school infrastructure backlogs grant for the replacement of inappropriate and unsuitable sanitation, including pit toilets schools in the Eastern Cape, KwaZulu-Natal and Limpopo provinces.

9.5. The Committee notes with concerns the proposed reduction of R3.4 billion in direct conditional grants to municipalities due to government fiscal consolidation drive. The local government sphere is at the centre of service delivery due to its close proximity to societies. The Committee is concerned about the possible negative service delivery implications of these proposed allocation reductions, particularly on infrastructure grants.

9.6. The Committee notes and welcomes the recommendation of the FFC that government should develop a comprehensive funding plan to ensure that the implementation of key projects and programs are not delayed because of budget cuts.

9.7. The Committee notes and welcomes proposed total amount of R1.2 billion added to the municipal disaster recovery grant to fund the reconstruction and rehabilitation of municipal infrastructure damaged by the floods that occurred between February and March 2023. The Committee encourages the Department of Cooperative Governance and Traditional Affairs to ensure that affected municipalities speedily reconstruct and rehabilitate affected municipal infrastructure to minimise the negative impact of these natural disasters on the lives and livelihoods of residents.

9.8. The Committee notes the proposed amendments to the framework of the municipal disaster recovery grant to ring-fence the additional funds for the repair and reconstruction of municipal infrastructure damaged by the floods that occurred between February and March 2023.

9.9. The Committee notes and welcomes the conversion of the municipal infrastructure grant allocation of R10 million from uThukela Local Municipality’s allocation to an indirect allocation for implementation of the Ekuvukeni Water Supply Project by the Department of Cooperative Governance on behalf of the municipality. Furthermore, the Committee notes and welcomes the conversion of municipal infrastructure grant allocation of R20 million from Emfuleni Local Municipality to an indirect allocation to address the outfall of sewer in Evaton and Sebokeng. The Committee is of the view that, where there is a need and identified capacity gaps within municipalities, national government should be able to intervene in the interest of service delivery. However, such interventions must be preceded by transparent consultations and agreements must have been reached with the affected municipalities.

9.10. The Committee notes and welcomes the total amount of R88 million in the neighbourhood development partnership grant converted from the direct to the indirect component of the grant to expedite project implementation in municipalities that are experiencing administrative and financial challenges.

9.11. The Committee notes the recommendation by both the FFC and SALGA that National Treasury should reconsider the condition to take-over the electricity distribution licenses from municipalities should they fail to comply with the conditions of the debt relief. However, the Committee is of the view that there should be consequences for non-compliance with the debt relief arrangements and encourages all municipalities to ensure that they comply with all the debt relief arrangements.

10. Recommendations

The Standing Committee on Appropriations, having considered submissions from various stakeholders on the Division of Revenue Amendment Bill [B33-2023], recommends as follows:

10.1. That the Minister of Finance ensures that National Treasury corrects its proposed changes to the conditional grants frameworks in line with Section 15(2) of the 2023 Division of Revenue Act.

10.2. The Committee recognises that expenditure management and fiscal consolidation is important as a temporary intervention to protect the fiscus in the face of lower revenue collection. The Committee however stresses that long term sustainability can only be achieved by growing the economy at higher rates. In this regard all departments across the three spheres of government must implement the South African Economic Recovery and Reconstruction Plan without further delay.

10.3. The Committee is concerned about infrastructure projects overshooting budget allocations; thus, it is recommended that government ensures that proper checks and balances must be in place for projects to be implemented within budgets and timeously.

10.4. Infrastructure projects have a big multiplier impact, including opportunities for SMMEs and businesses owned by women and youth. The Committee urges government to ensure that these companies who receive tenders for infrastructure projects must offer opportunities to SMMEs, women and youth.

10.5. That the Minister of Finance ensures that National Treasury introduce more transparent and credible processes be introduced in procurement to ensure the attainment of value for money.

10.6. That the Minister of Finance ensures that National Treasury advertise all tenders at local community level after the contracts have been awarded inclusive of successful companies, names of directors, contract value and itemised billing.

10.7. Government and private companies should use infrastructure budgets to ensure localisation of goods and services and to create jobs for South Africans, especially young people.

11. Committee Recommendation on the Bill

The Standing Committee on Appropriations, having considered the Division of Revenue Amendment Bill [B33-2023] (National Assembly) referred to it and classified by the Joint Tagging Mechanism (JTM) as a Section 76 Bill, recommends that the Bill be adopted, without amendments.

12. Conclusion

The responses to the recommendations as set out in section 10 above must be sent to Parliament as well as the Committee by the relevant Executive Authorities within 60 days of the adoption of this report by the National Assembly.

Report to be considered.

2. Report of the Portfolio Committee on Communications and Digital Technologies on the South African Post Office SOC Ltd Amendment Bill [B 11 - 2023], dated 21 November 2023

The Portfolio Committee on Communications and Digital Technologies (the Committee), having considered the South African Post Office SOC Ltd Amendment Bill [B11 - 2023] (National Assembly – section 75), referred to it and classified by the Joint Tagging Mechanism (JTM) as a section 75 Bill, reports the Bill with amendments [B 11A – 2023] as follows:

1. The South African Post Office SOC Ltd Amendment Bill [11-2023] was tabled in Parliament and referred to the Committee on 10 May 2023 (ATC No. 61-2023).
2. The Bill seeks to amend the South African Post Office SOC Ltd Act, 2011, so as to provide for the revised duties and expand on the mandate of the South African Post Office as provided for in this Act and the Postal Services Act, 1998; provide for the repurposing of the Post Office infrastructure so as to provide diversified and expanded services and make the best use of the infrastructure capacity to extract value and forge partnerships with other stakeholders; to provide for the revised governance structure of South African Post Office; to provide for the establishment, appointment and functions of the Stamp Advisory Committee; and to provide for matters connected therewith.
3. The Department of Communications and Digital Technologies briefed the Committee on the Bill on 13 June 2023.
4. The Committee placed adverts on Tuesday, 18 July 2023, and the closing date for written submissions was Monday, 14 August 2023.
5. The Committee received only one written submission on the Bill from Mr Sannie Samuel Zwane titled "Digital Community Infrastructure Framework to build social and economic inclusion through SAPO Existing Infrastructure: A Public Value Perspective". A decision was taken not to invite Mr Zwane for an oral presentation to the Committee since his input was a recommendation on the use of technology to ensure efficiency in the operations of SAPO.

6. The public hearings were held in four (4) provinces as follows:

i. Western Cape Province, Saturday, 9 September 2023, in the Cape Winelands District Municipality Drankenstein Local Municipality - Paarl (Simondium Hall).
ii. Eastern Cape Province, Friday, 15 September 2023, Amathole District Municipality Mbhashe Local Municipality - Idutywa
iii. Limpopo Province, Tuesday, 19 September 2023, Vhembe District Municipality, Thulamela Local Municipality – Thohoyandou
iv. Gauteng Province, Wednesday, 20 September 2023, City of Ekurhuleni, Tembisa.

7. On 24 October 2023, the Committee received a response from the Department regarding the public comments received during the public hearings. The Department also confirmed that the SAPO SOC Ltd Amendment Bill was subjected to the Socio-Economic Impact Assessment System (SEIAS) process.
8. On 31 October 2023, the Committee further deliberated on the Bill and highlighted issues of concern. The Parliamentary Legal Advisor, having considered the process taken to date by the Committee, confirmed that the Committee had proceeded in accordance with National Assembly Rule 286.
9. On 7 and 14 November 2023, the Committee formally proceeded to deliberate on the Bill clause-by-clause and produced an A-List to the Bill. The A-List was agreed to, except the Democratic Alliance registering its objection.
10. National Assembly Rule 286(4)(i) requires that "the Committee, after due deliberation, must consider a motion of desirability on the subject matter of the Bill and, if rejected, must immediately table the Bill and its report." Based on all the input received and engagements on the Bill, a motion of desirability on the subject matter is placed before the Committee as required by National Assembly Rule 286(4)(i) to vote on.
11. On 21 November 2023, the Committee met to deliberate on the B-version of the Bill [B11B-2023] and deliberated on the Bill clause-by-clause to ensure that all the changes have been incorporated.
12. The Committee formally adopted the Bill [B11-2023]. The motion on the desirability of the Bill was agreed to, and the rejection of the motion of desirability of the Democratic Alliance was noted.

Report to be considered.

3. Report of the Portfolio Committee on Communications and Digital Technologies on the South African Broadcasting Corporation Corporate Plan 2023/24: An Entity of the Department of Communications and Digital Technologies (DCDT) Budget Vote 30, dated 21 November 2023.

The Portfolio Committee on Communications and Digital Technologies (the Committee), having considered the Corporate Plan of the South African Broadcasting Corporation 2023/24 on 07 November 2023, hereafter referred to as "the SABC," reports as follows:

1. Introduction

Section 55(2) of the Constitution of the Republic of South Africa, Act 108 of 1996, states that the National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) the exercise of national executive authority including the implementation of legislation, and (ii) any organ of State.

In terms of the Public Finance Management Act (PFMA), the Accounting Officers must provide Parliament or the relevant legislature with their respective institution's Medium-Term Strategic Framework (MTSF) and, where applicable, with its Annual Performance Plan (APP).

The Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009) was promulgated in 2009 and provided Parliament with powers to reject or recommend the approval of Departments' budgets. The Act also makes provision for the implementation of recommendations emanating from the Committee's oversight reports.

The Committee met with the Department, Independent Communications Authority of South Africa (ICASA), Film and Publication Board (FPB), Broadband Infraco (BBI), National Electronic Media Institute of South Africa (NEMISA), Universal Service and Access Agency of South Africa/ Universal Service and Access Fund (USAASA/USAF), .za-Domain Name Authority (.ZADNA), State Information and Technology Agency (SITA), South African Post Office (SAPO) and Sentech on 02 May 2023.

However, the SABC had not tabled its Corporate Plan when the Committee reviewed the Annual Performance Plans. The Committee took into consideration that the SABC Board was newly appointed and therefore the submission of its Corporate Plan was delayed.

The debate of the National Assembly for Budget Vote 30 was held in May 2023 without consideration of the SABC Corporate Plan. For this reason, in accordance with relevant legislation, the Committee is mandated to ensure that the Corporate Plan of the SABC, like other Entities, is considered, even though the Entity has already spent some of the budget tabled in the Corporate Plan. Moreover, as is standard practice, the Department of Communications and Digital Technologies and all its Entities, including the SABC, will appear before the Committee to present 1st and 2nd Quarter Performance reports before the end of the 6th Parliament. This will provide ample time for the Committee to reconcile expenditure against the plans annotated in the Corporate Plan.

2. Entity Overview

The South African Broadcasting Corporation derives its mandate from the Broadcasting Act (1999) and is listed as a Schedule 2 Public Entity in the Public Finance Management Act (1999). The corporation is mandated to provide broadcasting and information services through a wide range of programming that displays South African talent in educational and entertainment programmes; offer diverse views through a variety of news, information and analysis; and advance national and public interests through popular sports, for example.

- The SABC is the national broadcaster and exists to bring South Africans a broader understanding and appreciation of themselves;
- The SABC reflects South African ideas, values, opinions, creativity and talent with its programming;
- The SABC strives to offer balanced and differing views in its news and analysis, in all South Africa's official languages, reflecting the plurality of the country's population;
- The SABC endeavours to expand its services through all the advancements in technology to fulfil its extensive mandate; and
- In the effort to fulfil its mission and realise its vision, the SABC's objective is to transform its programming, operations, and management fundamentally.

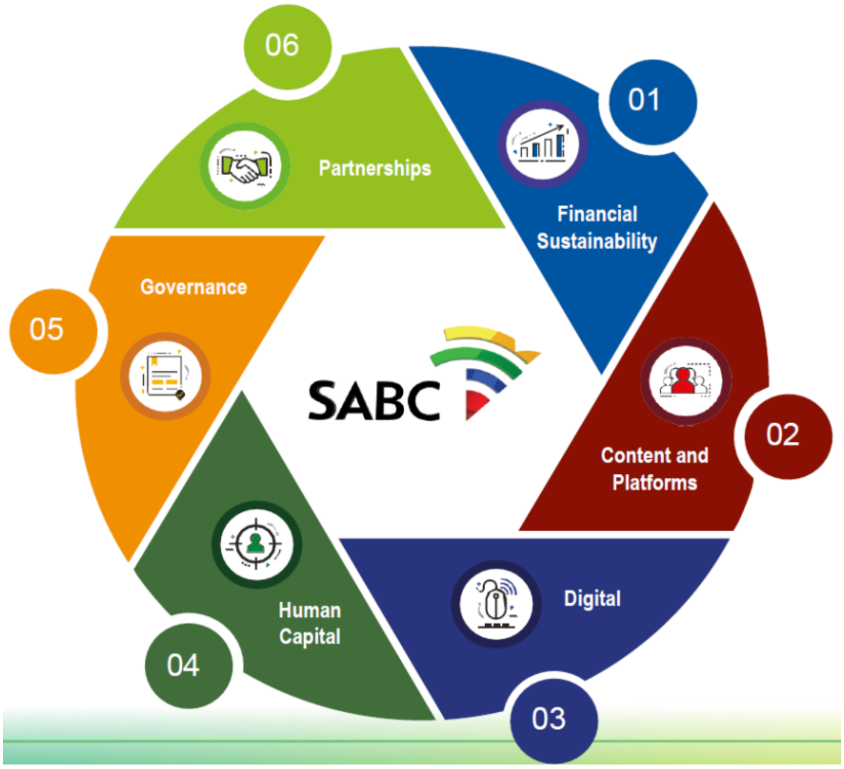
The SABC's bouquet of offerings includes 18 radio stations, five television channels and a digital media offering. The SABC manages the nineteenth radio station (Channel Africa) on behalf of the Department of Communications and Digital Technologies.

Sometimes, after servicing all its internal obligations, the SABC has a surplus of its Outside Broadcasting (OB) facilities, in-house studio facilities, in-house creative RAP studios and event venues, which it rents to the public for additional revenue generation.

Over the MTEF period, the Corporation will continue to transform its programming, operations and management. It will also explore other revenue opportunities through the introduction of its own streaming and satellite services and seek to increase revenue generated from advertising. The Corporation will work with the Department on legislative and regulatory interventions to assist with its long-term sustainability. It will continue to focus on implementing its turnaround plan to ensure financial sustainability.

3. Strategic Pillars

The SABC has six strategic pillars as illustrated below:



3.1 Financial Stability

The ultimate goal of the SABC is to fulfil its mandate while remaining financially sustainable, which remains the focus for the MTEF period. On the established foundation of prudent financial management, the Corporation will continue in its efforts to increase revenue while managing costs to ensure their continuous optimisation.

The SABC will also continue to actively participate in all ongoing policy, legislative and regulatory reviews that seek to place the Corporation in a position where it does not face any of the current restrictions that prevent it from competing effectively for revenue, as well as optimised its cost structure in response to business requirements and make acquisitions in a manner that is predicated on achieving maximum competitiveness.

The inability to achieve annual targeted revenue as a form of revenue generation, as well as the inadequate cash resources, remain key risks for the Corporation and will require (i) continuous monitoring of revenue generation and TV License collection activities through weekly and monthly operational and divisional strategic meetings; and (ii) pursue alternate and non-traditional revenue.

Furthermore, in order to circumvent the liquidity risk associated with inadequate cash resources, the SABC will (i) develop, monitor and review cash flow forecasting; (ii) regularly review account receivable credit facilities; (iii) conduct periodic scrutiny of net working capital; (iv) implement expenditure moratoriums and deferment; and (v) renegotiate payment terms with suppliers.

3.2 Content and Platforms

The way to measure the relevance of the SABC is through the appeal of its content to viewers and listeners. The number of viewers and listeners is also the currency through which the Corporation is able to generate commercial revenue to fund its mandate, including a significant portion that is unfunded. Therefore, continuous and prudent investment in content is a key ongoing strategic focus for the SABC, as it competes for audiences for its radio, television and digital platforms.

Over the MTEF, the Corporation will focus on retaining its vast radio audiences, increasing its television audiences, and building a solid digital presence. Particular focus will continue to be placed on cementing the SABC News service as the most credible news offering in South Africa.

A risk exists if the content does not resonate with the target audience and radio stations do not sound ‘edgy’ compared to competitor stations. The Corporation will mitigate this by (i) conducting a qualitative audience research and provide audience-preferred content; (ii) conducting Quarterly Programming Bootcamps to improve content production; and (iii) appointing sonic imagining specialist agencies and procuring on-air production tools to address imaging needs.

Because there is inadequate Video Entertainment Content, the Corporation will request a further extension for exemption from PFMA compliance on Supply Chain Management processes in order to enable speedy video entertainment content acquisition.

3.3 Digital

The launch of the SABC's own OTT platform (SABC+) was a significant step in this journey. In the future, the viability of the platform, and the realisation of maximum benefit will require upgrading the Corporation's other digital platforms (websites and mobile applications), the acquisition of compelling content, and appropriate systems to effectively manage the offering. Upgrading the SABC's infrastructure and systems will also ensure increased efficiency across the organisation.

During the MTEF, projects will continue to be implemented to upgrade all the SABC's digital platforms. Digitisation of legacy material will continue to build the SABC's library of content that can be accessed on the now-expanded digital platforms. The scheduling system will be upgraded to allow more efficient management of the SABC's vast content library, and the Master Control Room (MCR) router will be replaced during the MTEF.

The SABC will actively and purposefully participate in the Competition Commission facilitated mediation process with Sentech. To achieve a lasting financial sustainability for the SABC requires a significant reduction in transmission costs. Although technological advances have made this possible, the existing legislative regime prevents the use of these other technologies to the SABC's and the public's benefit.

While awaiting the necessary legislative and regulatory changes, relief will be sought through this mediation process. Subject only to budget and funding constraints, the digital transformation of the SABC is expected to advance considerably during the next MTEF period.

The Corporation will prioritise the group Media Technology and Infrastructure Projects with Supply Chain Management in order to mitigate delays in implementing digital infrastructure projects.

3.4 Human Capital

The realisation of an SABC that is a modern, digital, multi-channel public broadcaster that can consistently fulfil its mandate in a financially sustainable way is predicated upon an SABC that is staffed by a competent, dynamic workforce that is fit for purpose.

In addition to embedding and strengthening the performance management culture, during the next MTEF, the Corporation will be implementing the revised recruitment strategy and positioning of the SABC to improve recruitment and retention of high-performance employees.

Leadership development will remain a key focus, as well as embedding organisational values and related behaviour to elevate the culture to a level of acceptance and alignment by all employees. The focus will also remain on improving the skills level of employees through implementing the Workplace Skills Plan.

The revision of the SABC Recruitment Strategy (additional recruitment platforms and agencies), positioning of SABC, and introducing flexibility in TGRP will help mitigate the risk of the SABC's inability to recruit and retain a competent and image and proposition dynamic workforce.

3.5 Governance

Over the MTEF, the Corporation will work to reinforce and safeguard the gains made in establishing the current levels of ethics and governance. The improvement in external audit outcomes is expected to continue, with an unqualified audit as the goal. In support of this effort, the focus will continue reviewing the Corporation's policies and standard operating procedures.

The work on embedding risk management practices that cover strategic, operational and compliance risks will continue for the duration of the MTEF.

By strengthening the control environment through the implementation of Project Qinisa and vetting all new and existing personnel, the Corporation will be mitigating fraud and corruption in the Entity.

Furthermore, the SABC will review and update all policies and frameworks in line with the SABC Policy Management Framework, intensify stakeholder engagements, and seek recourse/redress policies to mitigate governance risks associated with rigid, unfavourable, and outdated regulations.

3.6 Partnerships

With the launch of SABC's own OTT platform, the demand for content has increased and will continue to increase. In addition to innovative content acquisition methodologies, content generation partnerships will have to continue to be pursued in order to stretch the available budgets for content. As part of efforts to generate increased revenues, maximum exploitation of SABC content will continue to be pursued.

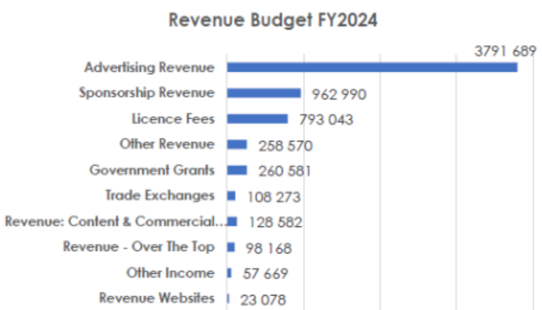
Developing a crisis communication management plan, consistent engagement with GCEO (ongoing), approval of the Media Relations Policy and Social Media Management Policy, and frequent socialisation and updating policies are risk-mitigating strategies to prevent events that negatively affect the SABC brand.

4. **Expenditure Analysis**

Expenditure is expected to increase at an average annual rate of 12 per cent, from R5.8 billion in the financial year 2023 to R6.4 billion in the financial year 2024.

Total revenue is expected to increase at an average annual rate of 38 per cent, from R4.7 billion in the financial year 2023 to R6.5 billion in the financial year 2024. The Revenue for the financial year 2023 was 27 per cent less than the Budget and 7.9 per cent less than the previous year. This resulted in the Corporation reporting a net loss of R1.1 billion in the financial year 2023.

The expenditure growth rate in financial year 2023, was due to the Sports rights for the FIFA World Cup that were not budgeted for in the previous financial year. Financial year 2024 growth rate is due to Repairs and Maintenance, Marketing costs and Trade exchange costs, see the charts below:



As the corporation is mostly self-funding, transfers from the Department account for an estimated 3.7 per cent (R752 million) of revenue over the medium term, while proceeds from television license fees account for an estimated 12.3 per cent (R2.5 billion).

The remaining 84 per cent (R20 billion) is expected to be generated by advertising and other commercial activities. The revenue growth rate for the financial year 2024 is driven by a R1.1 billion increase in the budget for Advertising, R232 million increase for Sponsorship R98 million for OTT, R108m budgeted for Trade exchanges and a total R128 million (69% increase) for Content exploitation.

Advertising Revenue has decreased from R4.4 billion in 2017 to R2.6 billion in financial year 2023. That is a 40 per cent decline over the 5 years. However, Advertising Revenue is expected to grow by 43 per cent in the financial year 2024, the increase is based on the PWC Entertainment and Media Outlook Report 2022-2026 projections of revenue, Video Entertainment Audience growth to 25 per cent of ratings, new client acquisition initiatives that deliver R1 billion and Revenue generation that is expected to deliver break even for S3, SAFM and Radio 2000. The plan is to defend Classic and grow Sponsorship revenue, and the sell-out target for Video Entertainment prime time is targeted at 75 per cent and Radio at 25 per cent up from 15 per cent.

Sponsorship revenue has performed well and grew by 48 per cent since 2020 and 5 per cent against the prior year. For the financial year 2024, it is budgeted to grow by 32 per cent, pursuing the billion mark in the next two years. Client buying patterns have shifted towards bespoke sponsorship elements, bespoke features, and long-term sponsorship offerings. Local content drives this category as international content has limitations on sponsorship elements.

The SABC launched the SABC Plus Platform in November 2022. The Platform is expected to generate revenue through advertising on the platform.

A 6 per cent growth has been budgeted for License Fees using the conservative approach based on past performance.

The News 24-hour channel contract is ending at the end of Aug 2023. There are uncertainties regarding the renewal of the contract. For budget purposes, only the five months to the end of Aug 2023 have been budgeted for.

Other revenues include government grants, Content exploitation and Adventures revenue. Government grant revenue is budgeted based on the allocation letter, and Content exploitation is based on current performance. Finance income is expected to reduce, as the Bailout funds are expected to be fully utilised in the financial year 2024.

Programme Film and Sports Rights is based on affordability and committed content, equaling R1.26 billion.

Signal distribution costs and linking costs amounting to R 699 million are contractual costs and thus budgeted for based on signed SLAs with Sentech.

The marketing budget, totaling R142 million is based on marketing initiatives and events by the Corporation in its efforts to grow Revenue and following the successful establishment of a Panel of Agencies in mid-2022.

Compensation of the corporation's estimated 2 802 employees, with an assumed vacancy rate of 18 per cent, accounts for 38 per cent (R7.4 billion) of its projected spending over the medium term. Total employee costs amount to R2.54 billion for the financial year 2024. Permanent employees' costs include a budget for a 4.42 per cent annual increase, plus a proposed 5 per cent increase for freelancers. Employee costs amount to an average of between 35 – 39 per cent over the budget period against a target of 35 per cent. There have been no increases since 2020.

The increase in Broadcast costs to R590 million is due to increases in production costs, OTT expenses that have been budgeted for and costs relating to Trade exchanges.

A total of R76 million is to be spent on professional fees, including audit fees, legal fees (including SIU fees), Enterprise Supplier Development investment, the rollout of Robotics and professional fees associated with Technology and Logistics projects.

Other operational costs include repairs, maintenance, personnel, and administrative costs totalling R872 million. The biggest contributor to the increase in Operational Costs is Repairs and Maintenance, which is expected to amount to R182 million and is expected to increase by 131 per cent from the financial year 2023 due to affordability and the cash flow position of the SABC. The Budget is based only on critical projects, other projects will be deferred to subsequent financial years.

The budget shows a profitable turnaround for the SABC, but it faces significant internal and external environmental risks to its realisation.

5. Going Concern and Solvency

Revenue Growth and Generation

The SABC is financed by its commercial sales, and a lack of improving commercial sales, means the SABC has less cash on hand to finance its day-to-day activities. Poor revenue growth means a poor financial position for the SABC.

Revenue has struggled to improve to pre-COVID levels, which continues to strain the position of the SABC. Revenue is budgeted to grow by 37 per cent. This is an aggressive target informed by high-level assumptions. Achievement will depend on the development and near-fanatical implementation of a detailed execution plan.

The SABC is still working on getting the users on its SABC-Plus Platform to critical mass to allow for the effective monetization of the platform.

Profitability

The budget assumes that the SABC will be in a net profit position over the three-year budget period. This is at the back of revenue generation growth prospects.

Solvency and Liquidity

From the latter part of the financial year 2023, the Corporation has been struggling to maintain liquidity.

Austerity cash management continues, which assumes significant support from strategic partners, to be in place.

Notable ratios which support that the SABC is a commercially insolvent include: -

- Current ratio: financial year 2023: 0.93 vs financial year 2022: 1.35. Norm is 2;
- Cash ratio: financial year 2023: 0.41 vs financial year 2022: 0.69. Norm is 1;
- Net current asset position declined by 124 per cent from financial year 2022;
- Debt/Equity ratio: financial year 2023: 2.53 vs financial year 2022: 1.24. The norm is 2-2.5; and
- Debt to Total Assets: financial year 2023: 0.72 vs financial year 2022: 0.55. The norm is 0.2.

State of Property Plant and Equipment

Because of its financial position in the past, the SABC had to pause and defer certain repairs and maintenance of buildings and broadcasting infrastructure.

Running the risk that the buildings of the SABC may eventually not meet the occupational health and safety requirements. It also increases the risk of litigation in case of avoidable accidents happening in the buildings.

Executive Stability

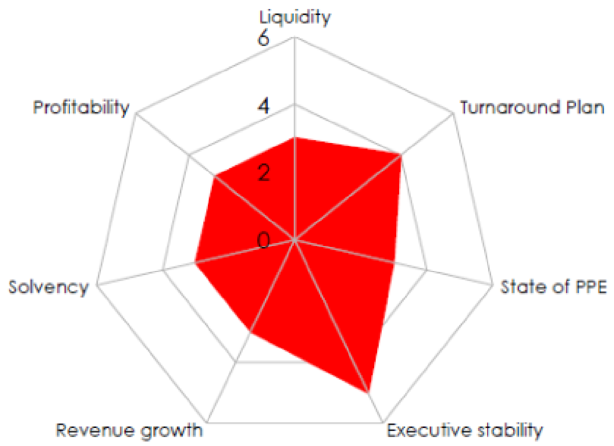
Two of the current executive management team contracts are coming to an end in June 2023.

Turnaround Plan

The turnaround plan has been concluded with 98 per cent of the activities in the control of the SABC completed.

However, from a benefit realisation perspective, the turnaround plan proves to have not been successful in turning SABC around into a profitable Corporation.

Pillars on Going Concern FY23/24



- Profitability, Liquidity and Solvency have all been given a rating of 3.
- Revenue growth at 3
- Executive Stability 5
- State of PPE rating of 3
- Turnaround Plan rating of 4 ito benefit realisation.

The risk still exists on the Going Concern assumption of the SABC.

6. Unfunded Mandate

- The SABC as a public broadcaster exists to carry out a mandate in terms of the Broadcasting Act of South Africa to the general public of the country;
- The Corporation's mission is to be a high-performing, financially viable, digitized, national public broadcaster that provides compelling informative, educational, and entertaining content via all platforms;
- The SABC estimates to spend over R7.39 billion over the MTEF (FY24 –FY26) to execute on its mandate;
- A total of 35 per cent of Content carried out by the SABC is mandated;
- That leaves 65 per cent of content that can be commercially exploited;
- With the introduction of digital media, the SABC has seen not only a decline in audiences as more and more people move to consuming streaming content digitally versus the traditional linear television, but also a decline in advertising revenues which has also been significantly impacted by load shedding;

- The industry expects that digital advertising revenues will surpass linear advertising by 12 per cent in 2025;
- This places significant risk on the financial health of the SABC and its ability to unlock new revenue streams. The introduction of OTT platforms seeks to align the SABC with the change in media consumption patterns;
- The increased competition creates yet another challenge as the playing field remains uneven. With the barrier to entry lowered through digitization and a lack of regulation, the burden on the public broadcaster to provide a comprehensive offering at a huge cost continues to put pressure on the financial stability of the organisation;
- License conditions for television channels and radio stations require the SABC to offer programming that, while being of value to the public, does not necessarily generate revenue;
- Among these are sports of national interest that the SABC must broadcast. However, the exorbitant cost of sports rights and the limited potential for revenue generation are prohibitive and lead to guaranteed losses; and
- Only 3.2 per cent of the SABC's total income is from Government Grants. Grant allocations have declined compared to the financial year 2022 due to the restricted fiscus spending.

7. Observations made by the Committee

Having considered the revised SABC Corporate Plan, the Committee noted:

(i) and welcomed the presentation made;

(ii) with concern that the SABC was in dire financial crisis;

(iii) that the Corporate Plan was delayed as a result of allowing the new Board to familiarise themselves with the environment;

(iv) with greater concern on the indication by the Deputy Minister that the 2023/24 2nd Quarter Report of the SABC already indicates a net loss of R464 million year to date contrary to the presentation of the Corporate Plan which indicates a surplus;

(v) that the current Corporate Plan needs to be revised on the basis of the Deputy Minister's remarks and current financial constraints and unforeseen developments;

(vi) with greater concern that the SABC is technically bankrupt;

(vii) that a long-term strategy which will be concluded by the end of November, is being developed to address current challenges, especially the financial sustainability;

(viii) that the National Treasury was approached for an amount of R1.5 billion to, among others, cover costs associated with National Elections, and the request was declined due to the current fiscal constraints;

(ix) that Competition Commission declined to intervene in the dispute between Sentech and SABC;

(x) that despite the high competition in the broadcasting space, South African citizens rely on SABC services;

(xi) that challenges such as the delay in analogue switch-off, Over-The-Top players and continued load shedding have had a negative impact on SABC's financial prudence;

(xii) with optimism that SABC+ has accumulated over 700 000 subscribers, although no monetization has yet been realised;

(xiii) with concern the Low Audience Ratings (LARs) experienced by the public broadcaster;

(xiv) with concern the high employee costs whereas the Section 189 process was supposed to address this;

(xv) that the Committee does not expect the SABC to implement further staff reduction-related strategies as they have not worked thus far;

(xvi) with greater concern that there is a failure by the SABC to maintain liquidity;

(xvii) that the switch-off dates have been announced and that certain areas have already been switched off, with some sites remaining. These sites will be switched off by December 2024;

(xviii) with concern that the SABC spends large amounts of money on the unfunded mandate, whereas the government grant is miniscule;

(xix) that the unfunded mandate is a burden to the SABC;

(xx) that considering the grants received by the government and the debt owed to Sentech, the financial sustainability of SABC will remain a concern;

(xxi) with greater concern the escalating signal distribution debt now standing at over R745 million;

(xxii) that the SABC Bill referred to the Committee will create certainty to the sustainability of the SABC; and

(xxiii) that broad support will be needed to sustain the SABC.

8. Recommendations of the Committee

Having considered the SABC Corporate Plan, the Committee recommends that the Minister should ensure:

(i) that Entities reporting to the Department adhere to PFMA and relevant legislation in meeting deadlines for submission of reports;

(ii) that in the future, the SABC desist from late submission of reports to Parliament;

(iii) that the SABC provide the Committee with an updated Corporate Plan with updated key performance indicators which takes into account the current financial loss during quarterly reporting of the Department and its Entities;

(iv) that the SABC revise the Corporate Plan to be consistent with the performance information of the 2023/24 2nd Quarter Report;

(v) that once complete in November as indicated, the Department and the SABC must appear before the Committee to present the Long-term Strategy;

(vi) that the two Boards (SABC & Sentech) must continue to engage to resolve the impasse and that the SABC accepts that it is still liable to pay for the signal distribution services provided by Sentech;

(vii) that the SABC regularises the servicing of all its debts, especially one owed to Sentech;

(viii) that the Department play a lead role in resolving the impasse between its Entities;

(ix) that the SABC put processes in place to ensure that it attracts more viewership;

(x) that the SABC improves on the identified Low Audience Ratings;

(xi) that the SABC ensures that all critical positions are filled;

(xii) that the SABC monetises the SABC+ platform as a matter of urgency; and

(xiii) that the SABC does not implement further staff reduction-related strategies.

The Committee commits itself to avoiding a situation of making late interventions considering the dire performance reporting of the SABC. The Committee will further engage relevant authorities to ensure adequate funding of the unfunded mandate, especially concerning the upcoming National Elections 2024.

Report to be considered.

4. REPORT OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS ON THE INDEPENDENT MUNICIPAL DEMARCATION AUTHORITY BILL [B14-2022], DATED 21 NOVEMBER 2023

The Portfolio Committee on Cooperative Governance and Traditional Affairs having considered the objects of the Independent Municipal Demarcation Authority Bill [14-2022] (National Assembly – Section 76), referred to it, and classified by the Joint Tagging Mechanism as a section 76 Bill, reports as follows:

1. INTRODUCTION AND BACKGROUND

1.1. The Independent Municipal Demarcation Authority Bill [B14 – 2022] was prepared by the National Executive for introduction into the National Assembly (NA) in accordance with Section 85(2)(d) of the Constitution. It presents a series of amendments to the provisions of the current Municipal Demarcation Act (1998), as to address several demarcation related problems, including the well-known issue of non-viable municipal amalgamations, which the Portfolio Committee has previously deliberated on in much detail.

1.2. The Bill was tabled in the National Assembly and referred to the Portfolio Committee on 21 June 2022, as per ATC No. 95 of the same date. In terms of Rule 227(1)(a) of the National Assembly Rules, a Portfolio Committee must deal with Bills and other matters falling within its portfolio as are referred to it in terms of the Constitution, legislation, National Assembly Rules, and Joint Rules. The Bill is classified or tagged as an Ordinary Bill affecting provinces in accordance with the procedure set out in Section 76 of the Constitution.

1.3. This is because its provisions fall, in substantial measure, within the functional areas listed in Schedule 4A of the Constitution, which provides for matters pertaining to concurrent national and provincial competence. The relevant matters in this case are regional planning and development, and municipal planning. The NA Rules also enjoin the Portfolio Committee to invite the public to comment on the Bill. Based on the public inputs, the Committee will then deliberate and report back to the NA on its decision on the Bill. The Committee may recommend approval or rejection of the Bill or present with its report an amended Bill or a redraft of the Bill, provided that the conditions for the submission of a redraft have been adhered to

2. COMMITTEE PROCESS

2.1. On 30 August 2022, the Department of Cooperative Governance briefed the Portfolio Committee on the Bill's content. Following this preliminary engagement, the Committee invited the public to submit written inputs on the Bill. For this purpose, the Bill was published in the various official languages, in various media platforms, and the public was afforded the statutory opportunity to submit written inputs up to 29 August 2023. The Committee received seven written submissions.

2.2. Following the call for written submissions, Parliament embarked on a public education drive to sensitize communities about the legislation in preparation for the Portfolio Committee's public hearing process. Thereafter, the Committee conducted public hearings across the nine provinces, starting in the Eastern Cape and followed by Northern Cape, Free State, KwaZulu-Natal, Mpumalanga, Gauteng, North-West, Limpopo and the Western Cape

2.3. In the Eastern Cape, public hearings were convened in Umtata, East London, and Port Elizabeth, from 23 to 25 June 2023. The Northern Cape and Free State public hearings took place in Upington, De Aar, Edenburg and Botshabelo from 06 to 09 July 2023. KwaZulu-Natal public hearing took place Richards Bay, Port Shepstone, and Durban from 21 to 23 July 2023. Mpumalanga and Gauteng public hearings took place from 03 to 06 August 2023 in Nelspruit, Delmas, and Soweto

2.4. Public hearings in the North-West were convened in Brits and Potchefstroom from 18 to 19 August 2023. From 25 to 26 August 2023 public hearings took place in Limpopo at Thulamela and Mogalakwena respectively. The final public hearings were convened in the Drakenstein and the City of Cape Town municipal areas in the Western Cape from 20 to 21 October 2023.

2.5. On 24 October 2023, the Portfolio Committee received oral submissions from the Economic Freedom Fighters, the South African Local Government Association, and the Democratic Alliance. The EFF and SALGA submissions were identical to the written submissions as captured in the previous section.

3. COMMITTEE DELIBERATIONS

3.1. Having considered the inputs from the public and stakeholders, the Committee sat on 7 November for final deliberations on the Bill. The Committee sitting consisted of the following members: Mr F D Xasa (Chairperson – ANC), Mr GG Mpumza (ANC), Ms P Xaba-Ntshaba (ANC), Mr B M Hadebe (ANC), Ms D Direko (ANC), Mr X Msimango (ANC), Mr J Smalle (DA) Ms E Spies (DA) and Ms G Opperman (DA), Ms H O Mkhalipi (EFF) and Mr M I Groenewald (FFP).

3.2. Having been thus constituted, the Committee considered and agreed to the following amendments:

AMENDMENT

CLAUSE 7

On page 6, in line 26, after “(a)” to insert “broadly” and after “reflect the” to omit “broad”.

CLAUSE 9

1. On page 6, in line 42, after “necessary” to insert “relevant”; to omit “or” and to substitute “and”.

CLAUSE 16

1. On page 9, in line 52, after “member of the Board” to insert “and the criteria as set out in section 9(2) apply equally to the appointment of members of a committee”.
2. On page 9, in line 56, to omit “or”.
3. On page 10, in line 3, to omit “full stop” and to substitute “semi colon”; after “semi colon” to insert “and”
4. On page 10, after line 3, to add the following paragraph:

   “(d) the names of the members of a committee must be published on the website of the Authority to ensure transparency.”

CLAUSE 23

1. On page 12, from line 17, to omit paragraph “(c)” and to renumber paragraphs (d) and (e) accordingly.

CLAUSE 30

1. On page 16, from line 41, after “procedures” to insert “as stipulated in section 17 of the Municipal Systems Act”.

CLAUSE 32

AMENDMENT	
1.	On page 17, in line 28, to omit “six” and to substitute “nine”.
CLAUSE 48	
1.	On page 22, after line 42, to add the following paragraph: “(c) The Minister must submit regulations to be made to Parliament for parliamentary scrutiny at least 30 days before their promulgation.”

4. Minority views were expressed on the following aspects of the Bill:

The Democratic Alliance did not support the Bill and expressed a concern on **Clause 10(1)(b) Appointment of Board members** – the DA is of the view that the proposed selection panel composition presents potential for harmful political interference. They propose that an alternative selection process for the Board may be followed. This process may follow a Parliamentary selection process where nominated persons are interviewed by a committee of the National Assembly with the incorporation of public participation opportunities. It could also be mandated that the positions of the Board be occupied by specific categories of persons, or persons who hold specific qualifications as prerequisite requirements**.**

Clause 38 – Establishment and constitution of Appeals Authority - the current appointment process of the Appeals Authority is inadequate. At present, the Minister is empowered to draw up a list of names for the President to appoint from in response to a public call for nominations. A more comprehensive appointment and interview procedure would be preferable.

The Freedom Front Plus did not support the Bill and agreed to the views expressed by the Democratic Alliance.

5. CONSIDERATION OF THE AMENDMENT BILL

The Portfolio Committee on Cooperative Governance and Traditional Affairs having deliberated on and considered the objects of the **Independent Municipal Demarcation Authority Bill [B14-2022] (National Assembly – Section 76)**, referred to it, and classified by the Joint Tagging Mechanism as a section 76 Bill, reports that it has agreed to the Bill with proposed amendments [B14A-2022].

Report to be considered.

National Council of Provinces

1. Report of the Select Committee on Health and Social Services on the National Health Insurance Bill [B11B–2019] (National Assembly–Section 76), dated 21 November 2023:

The Select Committee on Health and Social Services, having considered the subject of the **National Health Insurance Bill [B11B-2019]** (National Assembly – Section 76), referred to it, reports that it has agreed to the Bill.

Process

- The National Health Insurance Bill [B11B–2019], Section 76, was referred to the Committee on the13 June 2023.
- The National Department of Health briefed the Committee on 20 June 2023.
- All provinces had briefings and public hearings on the Bill between 28 July and 30 October 2023.
- All provinces concluded their public hearings by 30 October 2023.
- The Committee deliberated on the negotiating mandates submitted by provinces on 14 November 2023.
- The Committee finalised the Bill on 21 November 2023 and adopted it without amendments.

Report to be considered.