

# **PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE**

## **ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS**

TUESDAY, 9 SEPTEMBER 2014

### **COMMITTEE REPORT**

Report of the Budget Committee on the Financial and Fiscal Commission Submission for the Division of Revenue 2015/16, dated 29 August 2014.

The Submission was referred to the Budget Committee (hereafter referred to as the Committee) on Wednesday, 26 June 2014, in terms of Section 214 of the Constitution of the Republic of South Africa, 1996, Section 9 of the Intergovernmental Fiscal Relations Act, (Act 97 of 1997) and Section 4(4c) of the Money Bills Amendment Procedure and Related Matters Act, (Act 9 of 2009).

The Committee met with the Financial and Fiscal Commission (hereafter referred to as the Commission) on 8 August 2014 to deliberate on the Commission's 2015/16 Submission for the Division of Revenue, and subsequently reports as follows:

#### **1. Overview**

The Commission provides independent and impartial advice and recommendations on intergovernmental and fiscal relations including the technical evaluation and design of provincial and local economic policy. Established in 1994, the Commission helps provide information to all organs of state so that they can make informed decisions about complex fiscal issues. One of the main objectives of the Commission in this respect is to help inform the following year's budget by making recommendations on the division of revenue among the three spheres of government (equitable share of National Revenue). The Commission does this by annually submitting an advisory document to Parliament and the nine Provincial legislatures and summarising the recommendations for the relevant following year that should be taken into account when the executive crafts the next budget. The Commission has submitted this document every year without fail since 2000.

## **2. Submission for the Division of Revenue 2015/16**

The theme for the 2015/16 year's Submission is "*Balancing fiscal sustainability with socio-economic impact*", which the Commission deems is needed to address the challenges of potential public debt unsustainability and high levels of poverty and inequality. The economy also has to grow at the right pace in order to provide the necessary revenue for government's socio-economic programmes. A dynamic economy requires investment in people, equipment and infrastructure as well as public services that are delivered effectively and efficiently, at a cost that is affordable to South-Africa.

## **3. Recommendations**

### **3.1 The Committee resolved that –**

- 3.1.1 Provincial Treasury should provide the Committee with their inputs and comments on the recommendations made by the Commission on the 2015/16 Submissions on the Division of Revenue;
- 3.1.2 The Commission should be invited to brief the Committee on the Commission's support and interventions in the local government sector, with a specific focus on the National Development Plan (NDP) (similar to the presentation to the Select Committee on Appropriations on 28 January 2014).

### **3.2 The Committee further agreed that it will again engage the Commission and relevant stakeholders, such as Provincial Treasury, once the *Division of Revenue Bill, 2015* is tabled, in order to gain further insight as to where the 2015/16 Division of Revenue departs from the Commission's recommendations. Such an engagement will allow the Commission to indicate to the Committee on whether the former's theme of balancing fiscal sustainability with the socio-economic impact was met by the budget, and how this impacted on the Western Cape.**

### **3.3 The Committee wishes to express its gratitude for the professional manner in which the Commission annually briefs the Committee and acknowledges the well-researched input and technical know-how of the Commission in relation to fiscal matters. The continued independence and impartiality of the advice and recommendations on fiscal policy and division of revenue remains a key Constitutional imperative that the Committee believes has once again successfully been upheld by the Commission in the Submission for the Division of Revenue 2015/16.**