



SUBMISSION ON THE 2018 DIVISION OF REVENUE BILL

For an Equitable Sharing of National Revenue

20 March 2018

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LIST OF ACRONYMS

DORB	Division of Revenue Bill
FFC	Financial and Fiscal Commission
GDP	Gross Domestic Product
HFRG	Health Facility Revitalisation Grant
HSDG	Human Settlement Development Grant
IGFR	Intergovernmental Fiscal Relations
IGFR	Intergovernmental Fiscal Relations
INEP	Integrated National Electrification Program
LES	Local Government Equitable Share
MIG	Municipal Infrastructure Grant
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NHI	National Health Insurance
PES	Provincial Equitable Share
PTNG	Public Transport Network Grant
USDG	Urban Settlement Development Grant
VAT	Value Added Tax

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1. BACKGROUND

- 1.1. This Submission on the 2018 Division of Revenue Bill (DORB) is made in terms of Section 214 (1) of the Constitution of the Republic of South Africa (1996) and Section 35 of the Intergovernmental Fiscal Relations (IGFR) Act (1998).
- 1.2. Section 9 of the IGFR Act requires the Financial and Fiscal Commission (FFC or Commission hereafter) to make recommendations on (a) an equitable division of revenue raised nationally, among the national, provincial and local spheres of government, (b) the determination of each province's equitable share in the provincial share of that revenue and (c) any other allocations to provinces or municipalities from the national government's share of that revenue, and any conditions on which those allocations should be made.
- 3.1 The Commission recommendations were tabled in Parliament in May 2017 with a focus on the Intergovernmental Fiscal System and Urban Development in South Africa. The Submission focused on the key role that cities are playing in South Africa's economic development, and the challenges and opportunities inherent in the rapid urbanisation that is underway in the country. The submission argued that by enhancing the economic performance of cities the country will achieve faster, inclusive and more sustainable economic growth. The Commission made several policy recommendations on how this can be achieved including (a) fiscal consolidation and infrastructure investment, (b) building compact cities, (c) new income sources for public transport and consolidation of public transport functions, (d) human settlements, (e) growing city economies and (f) revenue diversification for urban municipalities. Overall the Commission welcomes the extensive consultative process and the way Government has responded to the recommendations and further invite parliament to exercise oversight in the implementation of the accepted recommendations.
- 1.3. This submission on the 2018 Division of Revenue Bill consists of six sections which cover the following areas:
 - Section 2: Economic and fiscal outlook underpinning the 2018 Division of Revenue
 - Section 3: Overview and general assessment of the 2018 Division of Revenue Bill
 - Section 4: Major changes and additions to the 2018 Division of Revenue
 - Section 5: Conditional grants budget analysis

- Section 6: Concluding Remarks

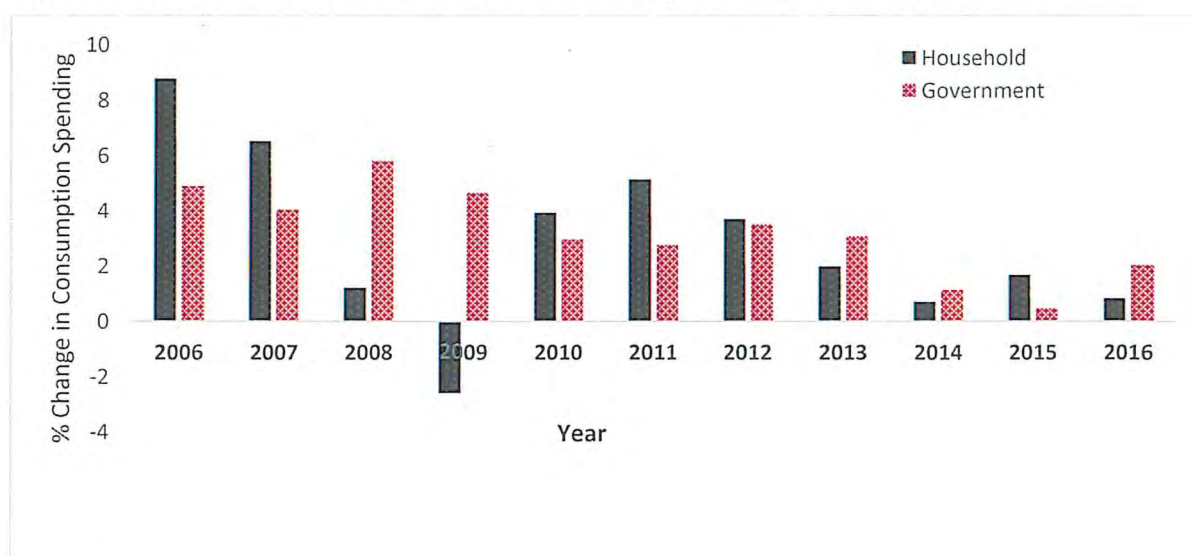
2. ECONOMIC AND FISCAL OUTLOOK UNDERPINNING 2018 DIVISION OF REVENUE

- 2.1. The 2018 DORB is enacted in an environment in which South Africa needs to find the right balance of adhering to the goals of fiscal consolidation and addressing significant revenue shortfall through tax increases and expenditure reductions without stifling the country's fragile recovery. The changes in the country's political environment following the ruling party's elective conference in December 2016 has sparked hopes that government will provide policy certainty on its growth, development and transformation initiatives. Political changes within the executive arm of government along with a stated commitment to restoring sound corporate governance practices at state owned enterprises, tackle corruption and improve efficiency of spending by an underperforming civil service is expected to provide for a moderate pickup in economic activity. Improved sentiment around plans to address the country's low growth phase were expected at the time the DORB was tabled to boost real Gross Domestic Product (GDP) growth to around 1.5% in 2018, up from 0.9% in 2017 and 0.4% higher than the 1.1% growth forecast provided in the October 2017 Medium Term Budget Policy Statement (MTBPS).
- 2.2. Notwithstanding the slight recovery in GDP, South Africa's economic performance remains relatively muted and below the targets envisaged within the National Development Plan (NDP). In particular, the sluggish growth prospects largely reflect the underperformance by key engines of growth – consumption, investment and exports.
- 2.3. Externally, South Africa has failed to take advantage of cyclical pick up firming up in the world's advanced economies – Germany, United States, Japan, Canada and Europe, as well as emerging powerhouses in Asia – India, China and Korea. Mainly driven by rebound in investment, increased consumption expenditure boosted by improved labour market conditions and higher trade volumes, the cyclical has raised optimism that a broad-based global economic recovery will stimulate output and provide opportunities for countries to overcome the lingering effects of the 2008 financial crises. However, higher input and trade costs stemming from persistent infrastructure bottlenecks in transport, electricity and information and telecommunications technologies, highly concentrated firm export structure that has led to limited competition and constrained the long-term sustainability of small and medium export firms and binding rigidities associated with

labour –market regulations around dispute arbitration and the hiring and firing of workers as well as protracted collective wage bargaining processes have all combined to reduce the sensitivity of South Africa’s exports to depreciation in the real effective exchange rate. As a result, South Africa has largely missed out on opportunities to rebalance the economy and grow its current share of global exports beyond its current 0.5 percent.

- 2.4. Domestically, concerns over the long-term growth prospects have impacted on the capacity for domestic consumption to pick up the slack in external demand. The combination of consolidation-induced spending reductions by the public sector, and slowing consumer confidence arising from concerns about employment security and financial prospects in a slow-growing economy have led to relatively subdued performance in private consumption expenditure (see Figure 1).

Figure 1: Growth in Private and Public Consumption Expenditure, 2006-2016



Source: South African Reserve Bank (SARB) Statistical Database

- 2.5. Weakness in investment growth remains particularly acute in both the public and private sectors. Relative to its peak of over 16 percent in 2006, overall investment recorded a negative growth of 2.6 percent in 2016. At a disaggregated level, the period since 2012 has been characterised by a marked slowdown in the growth rate of capital formation by government and public corporations, while the brief boost in private sector capital formation between 2011 and 2013 has been replaced by significant disinvestment (see Figure 2). It is worth noting that growth in real gross fixed capital formation rebounded to 4.3 percent in the third quarter of 2017 after a contraction of 2.0 percent in the second

quarter. Private business enterprises, public corporations and general government all recorded growth in real capital spending in excess of 4.0 percent. As a percentage of GDP, gross fixed capital formation increased to 18.7 percent in the third quarter of 2017. Real inventory holdings decreased by R5.5 billion (at annualised 2010 prices) in the third quarter of 2017 following two quarters of inventory build-up. The rundown in stock levels largely reflected a decrease in agricultural stocks-in-trade, impacted by an increase in the exports of agricultural products.

Figure 2: Growth in Capital Formation, 2006-2016

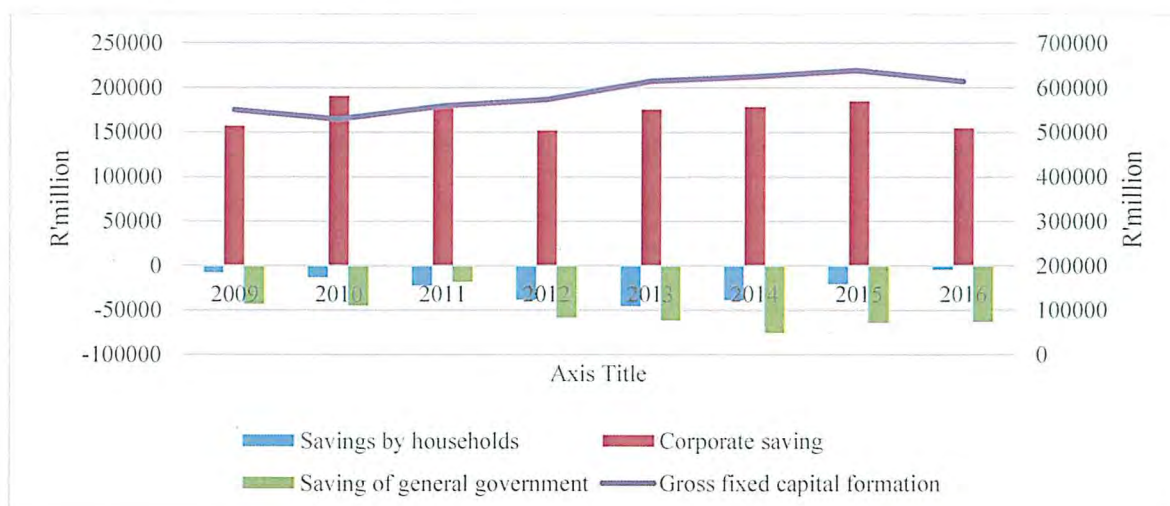


Source: South African Reserve Bank (SARB) Statistical Database

2.6. The slowdown in investment spending is particularly worrying given its strong correlation with significant declines in firm capacity utilisation and future productive capacity. The lack of new capacity addition by the private sector will translate into a lack of new of formal-sector jobs, adversely affecting government's objective of reducing high levels of unemployment. Excess capacity and low demand mean that there is limited need to expand existing production lines, translating into weak private investment. Year-on year, fixed investment fell for a seventh consecutive quarter in the second quarter of 2017; it contracted by 1.1 percent in the first half of 2017. Weak business confidence, subdued domestic demand, and the preference of firms to maintain and replace fixed capital goods rather than to expand capacity contributed to lacklustre fixed investment in the private sector. However, in the third quarter of 2017, there was an uptick in private investment as evidenced by notable increases in real outlays on machinery and transport equipment.

- 2.7. Domestic savings are too low to finance additional investment because both households and government spend more than their income. South African gross savings were equivalent to 16 percent of GDP in 2016 which is too low for new investment particularly because savings ratio of around 14 percent of GDP are required to maintain existing capital owing to the high capital intensity of the economy. Disquietingly, the economy continues to be characterised by low household savings rates. Savings by households to disposable income has been negative since 2006, peaking at -2.2 percent in 2013. It decelerated to -0.2 percent in 2016. Gross saving by households remained at 1.6 percent of GDP in both the second and third quarters of 2017 as nominal disposable income and nominal final consumption expenditure increased at the same pace.
- 2.8. Net savings by households and government have been negative since 2009. Net savings by households decelerated from (-R7.8 million) in 2009 to (-R45.7 million) in 2013 before accelerating to (-R4.5 million). Net savings by government decelerated from (-R43.2 million) in 2009 to (R75.8 million) in 2014 before accelerating to (-R63.5 million) in 2016. In contrast to household and government savings, corporate savings remained positive between 2009 and 2016. It increased from R157.5 million in 2009 to R191.1 million in 2010 and remained over R150 million throughout the period under review. Gross fixed capital formation, at seasonally adjusted annualised rates, remained subdued over this period reflecting the low level of savings particularly by households and government. It only marginally increased for R550.1 million in 2009 to R614 million in 2016 as shown in Figure 3 below.
- a. Urgent steps would be required to boost savings by government and households in order to finance additional investment and enhance growth. Saving by households could be raised in various ways including: increasing financial rewards to savings by altering the tax and benefit policy such that there is an increase in the generosity with which the tax and benefit system treats savings; providing financial education and information particularly to young people alongside measures to raise the returns to saving; applying choice architecture principles and insights from behavioural economics such as changing default rules for pension saving by requiring employees to opt out if they do not want to participate in a pension scheme rather than opting in if they do.

Figure 3: Savings by Households, Government and Corporate Against Gross Fixed Capital Formation, 2009-2016



Source: South African Reserve Bank, 2017

2.9. The 2017 Budget estimate for gross tax revenue in 2017/18 was R1.27 trillion. The 2017 MTBPS estimated that revenue would fall R50.8 billion short of this target. Improvement in economic performance over the past several months has resulted in the overall revenue shortfall being revised downwards to at R48.2 billion for 2017/18. The significant revenue shortfall is attributed to sluggish growth, administrative challenges at SARS, and increased tax avoidance and evasion.

2.10. Slowing wage income, a weaker consumer outlook and substantially lower import growth contributed to the large shortfalls in personal income tax, value-added tax (VAT) and customs duties respectively. Personal income tax and VAT are particularly underperforming. In 2016/17, the income tax undershot the target by R1.3 billion, this shortfall is forecasted to increase to R21.1 billion in 2017/18. In 2016/17, VAT undershot the target by 833 million, this shortfall is projected to increase to R13.7 billion in 2017/18. Disturbingly, over this period, personal income tax and VAT were also the highest contributors to gross tax revenue as they accounted for 37.11 percent and 25.28 of the total gross tax revenue respectively, together they account for 62.39 percent of the total gross tax revenue. This means that the top two contributors to tax revenue are performing poorly and this constitute a significant risk to the generation of tax revenue and sustainability of the fiscus.

2.11. Taxes on international trade overshoot the target by R2.3 billion in 2016/17. This increase is predicted to increase to R3.5 billion. Whereas corporate tax overshoot the target by R658 million in 2016/17, this shortfall is estimated to decelerate to R583 million as shown in Figure 3 below.

Figure 4: Tax Revenue deviations, 2016/17-2017/18

Source: National Treasury, 2018

2.12. The annual percentage growth analysis shows that all the main tax instruments have grown at a decreasing rate and are expected to record marginal increases in the medium term. This pose a risk to the generation of future tax revenue with serious consequences for the fiscal health of public finances and sustainability in the context of spending pressures. Personal income tax annual percentage growth decelerated from 12.33 percent in 2013/14 to 8.58 percent in 2017/18 and is projected marginally increase to average 9.36 percent in the medium term. Corporate income tax annual percentage growth increase decelerated from 11.34 percent in 2013/14 to 6.69 percent in 2017/18 and is forecasted to marginally increase to average 6.6 percent in the medium term. VAT annual percentage growth decreased from 10.53 percent in 2013/14 to 3.42 percent in 2017/18 and is estimated to increase to increase significantly to average 9.59 percent in the medium term. Taxes on international trade annual percentage growth decreased from 13.11 percent to 8.87 percent and is predicted to decelerate marginally to average 8.86 percent in the medium term (see Figure 3).

2.13. Following the implementation of tax reform initiatives in the mid-1990s, South Africa has enjoyed relatively high levels of tax morality and compliance. Over the past two decades, the country has not suffered from major incidents of tax revolts and protests, suggesting that tax collectors have largely benefitted from a compliant culture built up over many years and which translated into higher compliance aligned with organisational

improvements at South African Revenue Services (SARS). However, anecdotal evidence suggests that corruption and wasteful expenditure in the public sector have eroded taxpayer morality and resulted in slippage in compliance.

- a. According to the annual tax statistics, assessed data for individual taxpayers for the 2012 tax year shows that of the 5.9 million taxpayers liable to submit returns, 5.1 million (86.9 percent) did so. In 2013, of the 6.5 million taxpayers expected to submit returns, 5.2 million (79.8 percent) did so. In 2014, of the 6.6 million taxpayers expected to submit returns, 4.9 million (74.9 percent) did so. In 2015, of the 6.6 million taxpayers expected to submit returns, 4.8 million (71.9 percent) did so. In 2016, of the 6.3 million taxpayers expected to submit returns, 4.8 million (75.4 percent) did so. This means that there has been a slippage in compliance from 86.9 percent in 2012 to 75.4 percent in 2016. The World Bank and PWC's Paying Taxes reports show that South Africa's overall ranking on the ease of tax compliance has slipped from 19 in 2015 to 46 in 2018. In respect of time to complete a company income tax audit (31.6 weeks), the country falls short of regional and global averages (21.8 weeks and 27.3 weeks respectively).
- b. In terms of behavioural patterns, the literature suggests that taxpayers' behavioural responses to changes in audits and penalties as deterrent measures to non-compliance show that the effect of high penalty rates is not significantly different from the effect of low penalty rates. The effectiveness of the deterrence policy is highly dependent on the frequency of audits and the tax authority's ability to detect underreporting.

The literature supports various measures that could be considered for boosting compliance such as: (i) improving the institutional quality of the tax administration as a means of increasing the intrinsic motivation to pay taxes; (ii) addressing the trust deficit between government, tax authorities and tax payers to maintain a high level of compliance; (iii) promoting social norms on tax compliance; (iv) shifting from an enforcement-oriented tax authority to a more service-oriented approach, providing information and assistance to taxpayers to increase tax compliance; (v) using moral suasion in tax collection efforts and (vi) using the public benefit character of the state as a main motivator for tax compliance

- 2.14. The public-sector balance sheet has largely been exhausted with the net loan debt expected to increase to R3.03 trillion, or 52.2 per cent of GDP, over the medium term.

Simultaneously, some state-owned companies have large government guarantees while their long-term viability is uncertain. Disturbingly, owing to poor governance and a lack of remedial reforms, capital markets have held back credit to some of these entities. This has resulted in a precarious financial position for Eskom, for instance. It is a situation that warrants urgent and decisive steps in crafting a strategy to reduce the dependence of state-owned companies on government guarantees.

- 2.15. Government guarantees, a commitment by government to take responsibility for a loan in the event state owned companies default, have increased marginally from R469.9 billion in 2015/16 to R475.7 billion in 2016/17 before declining to R466 billion in 2017/18. Government guarantee exposure, the total amount of borrowing and accrued interest made by the state-owned companies against the guarantee, has increased by 11.91 percent from R255.8 billion in 2015/16 to R290 billion in 2016/17 before further increasing by 3.3 percent to R300 billion in 2017/18 as shown in Table 1 below. This means that while government guarantees have remained flat, government guarantee exposure has notably increased thus increasing the contingent liabilities of state-owned companies to government and constituting a risk to the sustainability of the fiscus. A high level of contingent liabilities translates into a higher risk premium on, and increased costs of, sovereign debt.

Table 1: Total guarantees to state owned companies

	2015/16		2016/17		2017/18	
	Guarantee	Exposure	Guarantee	Exposure	Guarantee	Exposure
Eskom	350	174.6	350	202.8	350	220.8
SAA	14.4	14.4	19.1	17.8	19.1	11.8
SAPO	4.4	1.3	4.4	4	0.4	0.4
Denel	1.9	1.9	1.9	1.9	2.4	2.3
Transnet	3.5	3.8	3.5	3.8	3.5	3.8
Land Bank	13.9	4.4	12.5	4.1	12.3	4.2
DBSA	13.9	4.4	12.5	4.1	12.3	4.2
IDC	2	0.2	0.4	0.2	0.5	0.1
Total	469.9	255.8	475.7	290.4	466	300.4

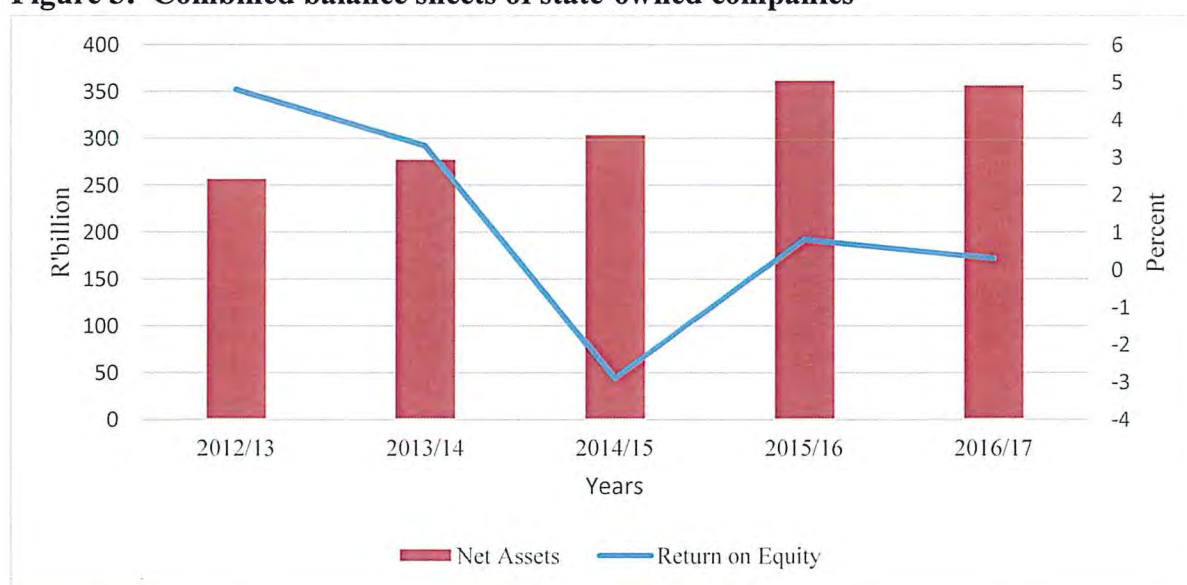
Source: National Treasury, 2018

- 2.16. Eskom accounts for the vast majority of government's contingent liabilities. In 2015/16, government guarantee to Eskom was R350 billion, reflecting 74 percent of the total amount of government guarantees to state owned companies. In 2017/18, Eskom accounted for 75 percent of the total amount of government guarantees. The government

guarantee exposure to Eskom increased from 68 percent in 2015/16 to 74 percent in 2017/18. In 2017/18, Eskom used an additional R18 billion of its guarantee and is projected to use R17.9 billion annually over the medium term. The unallocated portion of Eskom's R350 billion guarantee framework agreement, which amounted to R96 billion, was extended to 2023. The National Energy Regulator of South Africa (NERSA) rejected Eskom's request for a 19.9 percent tariff increase for 2018/19. It only approved an average increase of 5.2 percent. This means that Eskom can no longer depend on tariff increases to shore up stagnant electricity sales growth. The financial viability of the power utility warrants an efficient operating cost structure as a foundation for a broader transformation of the electricity sector that will properly integrate independent power producers.

- 2.17. The financial position of state owned companies has slightly deteriorated. The combined net asset value decelerated from R361.8 billion in 2016/16 to R356.3 billion in 2016/17. Their profitability as measured by return on equity also deteriorated. Return on equity decelerated from 4.8 percent in 2012/13 to (-2.9) percent in 2014/15 before slightly recovering to 0.3 percent in 2016/17 as shown in Figure 4 below. This poor performance of the profitability of state owned companies represents a risk to fiscal sustainability. The position of development finance institutions has improved, mainly due to a recovery in the equity portfolio of the Industrial Development Corporation (IDC).

Figure 5: Combined balance sheets of state-owned companies



Source: National Treasury, 2018

- 2.18. Infrastructure spending by state owned companies translates into less profits because of higher capital expenditure. Profitability is not expected to equal private-sector profit

rates because these companies facilitate development by stimulating economic activity through the provision of public goods and services below the cost of production in most instances. It is imperative therefore that these companies generate high rates of return to equity to ensure increased value and reduce their dependence on debt and transfers from the fiscus.

2.19. An additional challenge relates to credit by capital markets. Lenders have registered reservations about governance failures at some of the major state-owned companies. As a result, in 2016/17, the majority of bond auctions for some of these companies were either cancelled or undersubscribed, triggering severe liquidity shortfalls, thus extended guarantees or recapitalisation. State-owned companies that could issue debt in capital markets did so at a higher cost than in 2015/16. For instance, Denel SOC Ltd, historically, has been able to access funding from capital markets, but lenders have become increasingly cautious following widely reported lapses in corporate governance and the liquidity shortfall the company experienced in late 2017.

2.20. When state owned companies are efficiently and effectively managed such that they are financially stable, they are well placed to support and sustain economic transformation and catalyse national development. The inverse also holds true. If these entities are poorly managed and governed, they burden the country with significant costs of operational inefficiency. Most of them are not being managed in a sustainable manner. Even after discounting for the impact of sluggish economic growth on company returns, it is apparent that corruption and mismanagement is rife, and has significantly contributed to the deterioration in the finances of several major large state-owned companies. The potential collapse of major state-owned companies would have catastrophic economic and fiscal ramifications. It is important for government to continue to address such risks by strengthening governance and operations at these institutions. The Commission welcomes measures taken by government to stabilise large state-owned companies over the past year. These measures have included, among others, installation of new, full-complement boards at Eskom and SAA, engaging intensively with their lenders and the feasibility of several projects in the context of government's approval of a private-sector participation framework.

3. OVERVIEW AND GENERAL ASSESSMENT OF THE 2018 DIVISION OF REVENUE BILL

- 3.1. **Conditional grants to municipalities:** Clause 8(4) (a) is revised to remove the requirement for prior approval by the National Treasury for municipalities to pledge a conditional grant or a portion of it as a security for any obligation. Furthermore, the clause is amended to specify that a municipality must also notify the transferring officer of its intention to borrow against a certain conditional grant and give the transferring officer 21 days to comment before obtaining the approval of the municipal council. Clause 8(4)(b) is revised to allow the National Treasury to determine the format and dates for the submission of financial and non-financial reports for any project pledged to funding using a conditional grant as a security. The Commission welcomes these adjustments as they are in line with the recommendation made in the 2018/19 annual submission that the national treasury should improve access to credit markets for large cities to allowing them to use their infrastructure grant funding allocations to leverage private capital.
- 3.2. **Duties and powers of provincial treasuries:** Clause 30(2) (a) (i) is revised to specify that the indicative allocation per municipality for every allocation to be made by the province to municipalities should be from the province's own funds including conditional allocations to the province. Furthermore, a new clause 30 (2) (d) is added to state that provincial treasuries must ensure that allocations from provinces to municipalities are consistent with the terms of any service level agreement concluded between the province and a municipality. The Commission supports these changes as alignment of funding and function is key to efficient services delivery.
- 3.3. **Duties of receiving officer in respect of infrastructure conditional allocations to provinces:** Clause 13(1) (g) is changed from requiring the submission of a final draft report on infrastructure programs partially or fully funded from those grants within 22 days after the end of each month to requiring the submission of the final report of the same report. The Commission supports this as it reduces the amount of time spent on reporting.
- 3.4. **Conversion of allocations:** Clause 21(7) is revised to add the Provincial Emergency Housing Grant and Municipal Emergency Housing Grant to the list of grants administered by the Department of Human Settlements. The two new grants are intended to provide funding to provinces and municipalities for provision of temporary shelter assistance to households affected by disasters. The Commission welcomes this new development as it will assist the Department of Human Settlements in dealing with unexpected housing requirements.

- 3.5. Preparations for 2019/20 financial year and 2020/21 financial years:** Clause 27(4) (b) is revised to require provincial departments of health and education to annually review the document that outlines their Infrastructure Delivery Management System (IDMS). The Commission supports these changes and is of the view that an annual review of the IDMS document will allow provinces to improve on their planning and budgeting process and take into account the changes in infrastructure needs and asset maintenance requirements. A new sub-clause is added into clause 27(5), to allow any local municipality to apply to qualify for the Integrated Urban Development Grant (IUDG), envisaged for the 2019/20 financial year. The IUDG will be a combination of different local government conditional grants. The Commission supports the initiative by government to support non-metropolitan municipalities as they also face urban development challenges and is of the view that National Treasury should in this clause specify explicitly the types of municipalities that may apply for the grant as it is not targeting all non-metropolitan municipalities.

4. MAJOR CHANGES AND ADDITIONS TO THE 2018 DIVISION OF REVENUE

A. CHANGES AND ADDITION TO THE NATIONAL FISCAL FRAMEWORK

- 4.1. Over the next three years (2018/19, 2019/20 and 2020/21), government is projected to spend R5.416 trillion, relative to a revenue envelope of R4.837 trillion, with the bulk of these resources allocated in respect of non-interest allocations in the form of equitable share and conditional grant funding.
- 4.2. Table 2 outlines the division of nationally raised revenue over the 2018 Medium Term Expenditure Framework (MTEF) period. Anticipation of muted economic growth, the R48 billion shortfall in revenue collection and importantly, the post-MTBPS pronouncement on fee-free higher education and training for households earning below R350 000 per annum has meant that the 2018 MTEF division of revenue amongst the three spheres varies to what was projected at the time of the 2017 MTBPS. After accounting for national debt, there are estimated receipts of R4.274 trillion to share amongst the three spheres over the next three years comprising the 2018 MTEF.
- 4.3. Despite the strained fiscal environment and cuts to total provincial and local government allocations, the Commission notes that Government has managed to maintain real, albeit marginal, growth in the resources allocated to the three spheres. On the whole, there has

been a clear prioritisation of funding to municipalities. On aggregate, allocations to the local government sphere will grow by a real annual average of 1.9 percent over the 2018 MTEF period whilst slower growth is projected in the cases of the national and provincial spheres of government which are projected to grow by a real annual average of 1.3 percent and 1.5 percent respectively.

- 4.4. Overall, the Commission particularly welcomes the real growth in the equitable share allocation municipalities over the 2018 MTEF period. The Local Government Equitable Share (LGES) allocation will grow significantly by 7.5 percent in 2018/19, 4.2 percent in 2019/20 and 3.9 percent in 2020/21. It is anticipated that these increases will enable subnational governments to deliver on their basket of constitutionally mandated basic services, particularly in the case of municipalities where funding is aimed at supporting the rollout of basic services to indigent households.
- 4.5. In accordance with Section 154(1) of the Constitution, the Commission calls on national and provincial government to play a supportive role to municipalities so as to ensure that the capacity to effectively spend these resources, thus amplifying its redistributive impact in terms of expanding access to basic services to the poorest of the poor, is realised.
- 4.6. More generally and as recommended in 2017, the Commission would like to reiterate the need for provinces and municipalities to continuously evaluate each aspect of their spending plans to ensure any inefficiencies in service delivery systems are eliminated – this is particularly important in big spending areas such as health, education, electricity, water and sanitation and will assist in ensuring that spending programmes are effectively implemented.
- 4.7. Over the 2018 MTEF period, conditional grant allocations to provinces and municipalities will bear the brunt of government's need to cut and reprioritise spending. Conditional grant cuts to both provinces and municipalities are most severe in 2018/19 and are projected towards the end of the 2018 MTEF period (2020/21). In the case of provinces, conditional grant transfers will decline by 1.3 percent in 2018/19, thereafter growing by 0.3 percent and 2.1 percent in 2019/20 and 2020/21 respectively. In the case of municipalities, the reductions are more severe: in 2018/19 and 2019/20 local government conditional grants will decline by 5.8 percent and 2.0 percent respectively, before recovering to grow marginally by 1 percent in 2020/21.
- 4.8. Whilst the need for cuts and reprioritisation are understood, it is important to note that this is not ideal because conditional grants have been key in the funding and provision of infrastructure and reduction of infrastructure backlogs in provinces and municipalities.

Cuts will affect key grants that aid infrastructure development in education (School Infrastructure Backlogs Grant), energy (Integrated National Electrification Programme Grant (INEP)) and general municipal infrastructure (Municipal Infrastructure Grant (MIG)). Not only will these cuts necessitate delays in completion of infrastructure projects but the disproportionate cutting of infrastructure-related funding instruments means economic growth will be compromised in the future. The Commission is of the view that government should design a plan to reprioritise infrastructure funding in the coming years and that this needs to be put in place as a matter of priority.

Table 2: Division of Nationally Raised Revenue, 2014/15 to 2020/21

<i>R billion</i>	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Real Annual Average Growth over 2018 MTEF
<i>Division of available funds</i>	Outcome			Revised	Medium-term estimates			
National departments	490.0	546.1	555.7	599.9	628.6	685.9	736.6	1.5%
Provinces	439.5	471.4	500.4	538.2	571.0	611.8	657.5	1.3%
Equitable share	359.9	386.5	410.7	441.3	470.3	505.0	542.4	1.5%
Conditional grants	79.6	84.9	89.7	96.8	100.7	106.7	115.0	0.4%
Local government	87.6	98.3	102.9	110.7	118.5	126.9	137.5	1.9%
Equitable share	41.6	49.4	50.7	55.3	62.7	69.0	75.7	5.2%
General fuel levy sharing with metropolitan municipalities	10.2	10.7	11.2	11.8	12.5	13.2	14.0	0.4%
Conditional grants	35.8	38.3	40.9	43.6	43.3	44.8	47.8	-2.3%
Total	1,017.1	1,115.8	1,159.0	1,248.8	1,318.1	1,424.6	1,531.6	1.4%
<i>Real Year on Year Growth</i>								
		2014/15-2015/16	2015/16-2016/17	2016/17-2017/18	2017/18-2018/19	2018/19-2019/20	2019/20-2020/21	
National departments		6.0%	-5.0%	5.7%	-0.6%	3.3%	1.7%	
Provinces		2.0%	-0.9%	5.3%	0.6%	1.5%	1.8%	
Equitable share		2.2%	-0.8%	5.2%	1.1%	1.7%	1.7%	
Conditional grants		1.5%	-1.4%	5.7%	-1.3%	0.3%	2.1%	
Local government		6.8%	-2.3%	5.4%	1.5%	1.4%	2.6%	
Equitable share		12.9%	-4.1%	6.8%	7.5%	4.2%	3.9%	
General fuel levy sharing with metropolitan municipalities		-0.5%	-1.7%	2.9%	0.2%	0.0%	0.9%	
Conditional grants		1.8%	-0.3%	4.3%	-5.8%	-2.0%	1.0%	
Total		4.4%	-3.0%	5.5%	0.1%	2.3%	1.8%	

Source: Commission compilations based on Budget Review 2017 and 2018.

4.9. Table 3 provides detail regarding the extent of indirect transfers by the national sphere to provinces and local government. Indirect transfers to municipalities though generally

twice as large as those to provinces, will experience the largest reductions. In 2018/19, indirect grants to municipalities will decline by 16.1 percent in real terms relative to the 5.1 percent reduction to provincial indirect grants. Over the rest of the 2018 MTEF period, real growth in indirect grants to municipalities remains marginal. Notable is the projected real growth of 9.6 percent to provincial indirect grants in 2019/20. As in previous submissions, the Commission reiterates its caution around the use of indirect grants and the negative incentives it gives rise to, especially in relation to the dilution of accountability and upkeep of infrastructure developed through the use of indirect grants. As recommended in its Submission for the 2016/17 Division of Revenue, the Commission is of the view that the use of indirect grants should be a measure of last resort whilst continuing to build capacity in provinces and especially, municipalities, to undertake their functions.

Table 3: National Government Indirect Transfers to Provinces and Local Government, 2014/15 to 2020/21

R'billion	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Real Annual Average Growth over the 2018 MTEF
National Departments	490.0	546.1	555.7	599.9	628.6	685.9	736.6	1.5%
<i>of which:</i>								
Indirect transfers to Provinces	5.4	3.5	3.6	3.8	3.8	4.4	4.7	1.9%
Indirect transfers to Local Government	8.1	10.4	8.1	7.8	6.9	7.3	7.7	-5.3%

Source: Commission compilations based on Budget Review 2016 and 2017.

B. CHANGES AND ADDITIONS TO THE PROVINCIAL FISCAL FRAMEWORK

4.10. Table 4 shows the 2018/19 provincial fiscal framework inclusive of conditional grants.

Unlike previous years, government has made negative baseline adjustments to the provincial fiscal framework over the MTEF period. The Commission understands the difficult context in which these adjustments were made but cautions that these cuts could have an adverse impact on the finances of provincial governments. Services that may adversely be affected are health and education.

4.11. Compared to the 2017 DORB, the provincial allocations as reported in the 2018 Division of Revenue Bill has declined by R8 billion in 2018/19 and R9 billion 2019/20 respectively. The decline has only been marginally factored into the 2017 MTBPS and the

direct impact of the 2018 DORB is quite significant amounting to R4.8 billion reduction in 2018/19 and R6.1 billion in 2019/20. In addition, deductions for 2020/21 in 2018 DORB amount to R6.5 billion compared to the 2017 MTBPS.

Table 4: Changes to the Provincial Fiscal Framework – 2017/18 – 2020/21

R' million	2017/18	2018/19	2019/20	2020/21
Changes from 2017 DORB to 2017 MTBPS	0	3	3	
Changes from 2017 DORB to 2018 DORB	0	8	9	
Changes from 2017 MTBPS to 2018 DORB	- 0.1	4.8	6.1	6.5

Source: Division of Revenue Bill (2017, 2018), MTBPS (2017); Commission Calculations

- 4.12. The Commission welcomes the decline in personnel headcounts at provincial level from 923 646 in 2013 to 888 204 in 2017 as a result of cost containment measures. Government should carefully monitor that personnel reductions should be limited to non-core areas of provincial services only and that core staff in education and health services should be protected. The Commission has previously noted the lack of any linkage between wage increases and productivity in the public sector and would like to reiterate the recommendation made in the submission for 2016/17 division of revenue that a framework for measuring public sector productivity be finalised as a matter of priority.
- 4.13. While a three-year wage settlement deal signed in 2015 has brought much needed stability to the economy, wage bargaining negotiations are going to commence in the next few months. This is a key fiscal risk to the provincial framework. If wage settlement agreement is above projected targets, this may have significant fiscal impact on limited state resources and expanding social priorities such as health and education may be hampered.
- 4.14. The provincial equitable share is increasing on average by 1.69% per annum in real terms over the 2018 MTEF period while conditional grants increase by 0.49% per annum over the same period. In an environment of tight fiscal constraints, the Commission appreciates that the PES is still growing positively despite R4.7 billion reductions over the 2018 MTEF period. Conditional grants have taken the brunt of the cuts with R13.7 billion deducted over the 2018 MTEF period. If efficiencies don't improve, provinces are likely to face service delivery challenges, especially in infrastructure-related services that are funded from conditional grants. The Commission would like to emphasize the need for provinces

to evaluate each aspect of their spending plans to ensure any inefficiencies in provincial service delivery systems are eliminated. National departments should also carefully monitor and support provinces in this regard, especially around planning for service delivery in big spending areas such as health and education, so that spending programmes are effectively implemented (See Table 5).

- 4.15. Government has announced in the 2018 Budget that the PES formula is under review. The initial phase will consist of improving the quality of data that is being used in the formula. The second phase of the review will align the health and education components with the national norms and standards. Whilst the Commission welcomes these enhancements, the changes suggested by government should be seen as the initial steps towards a more comprehensive review that encompasses reviewing the components and weightings as they are currently assigned and to take into consideration the various recommendations the FFC has made in this regard. In this respect, the Commission made a recommendation in its submission on the 2010/11 Division of Revenue that reform of the PES will also require a reform to the current revenue and expenditure assignment between national and provincial governments.

Table 5: MTEF Growth Rates of provincial Grant Transfers

	2017/18	2018/19	2019/20	2020/21	Annual Average Real Growth Rate
R'million					
PES	441.3	470.3	505	542.4	
Conditional grants	96.8	100.7	106.7	115	
Real Annual Growth Rate					
PES		1.1%	2.1%	1.9%	1.69%
Conditional grants		-1.5%	0.7%	2.3%	0.49%

Source: Commission calculations based on Division of Revenue Bill (2018)

C. SECTOR SPECIFIC ALLOCATIONS

(a) SOCIAL, ECONOMIC AND PROTECTION FUNCTIONS

- 4.16. The Commission notes the rise in spending on social protection from R193.4 billion in 2018/19 financial year to R223.9 billion by 2021/21, given the importance of this cluster towards among others accelerating social welfare services to the vulnerable groups.

(b) FINANCING FREE HIGHER EDUCATION

- 4.17. At the end of 2017, government announced free higher education for poor students. However, thus far, there was no indication as to how the increase in funds to students and universities would be financed. In addition, the December 2017 announcement of fee-free higher education and training entails large new allocations over the medium term. An allocation of R57 billion has been made for fee-free higher education and training over the 2018 MTEF and R12,4 billion, R20.3 billion and 24.3 billion would be allocated respectively over the years. The Commission welcomes this development as a short term approach. In March 2017, the FFC made a presentation to the Commission of Inquiry into Higher Education and Training (The Fees Commission). The FFC submitted that it is advisable to maintain fees as part of set-up to take advantage of price-mechanism, also other private sources and expenditure side management. Furthermore, there is limited scope to use borrowing to finance the education policy.

D. INFRASTRUCTURE AND ECONOMIC DEVELOPMENT:

- 4.18. The Commission welcomes the establishment of a Budget Facility for Infrastructure, to standardize and improve the management of public infrastructure projects. Further, the Commission notes the increase in spending of roads infrastructure from R46.7 billion in 2017/18 to R54.6 billion in 2021/21, to fund, upgrade and maintain road infrastructure in the country. The allocation demonstrates government commitment towards infrastructure related programmes in the country which is also in line with the NDP (2030). With regards to water infrastructure, the Commission welcomes the provisional allocation of R6 billion towards ameliorating the national water crises.

E. CHANGES AND ADDITIONS TO THE LOCAL FISCAL FRAMEWORK

- 4.19. The local government sphere is set to receive a total of R383 billion worth of transfers over the 2018/19 MTEF; a drop from the R389.3 billion that the sector was envisaged to receive in the 2017/18 MTEF. The envisaged cuts in local government grants explain the drop in the amounts of transfers to the local sphere. The grant allocations across all spheres face major cuts. The Commission notes that these reductions are unfortunate but

understandable in the context of the current fiscally constrained environment. The local sphere is relatively less affected by the cuts than the other two spheres. The local government will account for R3.2 billion (or 12%) of the R26.4 billion worth of baseline reductions in the 2018/19 financial year. The Local Government share in the Division of Revenue will fall slightly, although it will remain at 9% over the MTEF period (was projected to be 9.1%, 9.2% and 9.3% in the October MTBPS).

F. LOCAL GOVERNMENT EQUITABLE SHARE

- 4.20. The local government sector is set to receive R207.4 billion in the form of the LGES (or 54% of local government transfers) and R39.7 billion through the General Fuel Levy (10% of local government transfers) over the 2018 MTEF. The Commission notes that the Local government equitable share (LGES) and the General Fuel Levy are spared from the cuts affecting many other transfers. In fact the LGES and all its three components (i.e. basic services, institutional and community services) will continue to grow during the 2018 MTEF (average growth).
- 4.21. The Commission welcomes the decision by government to spare the LGES and General Fuel Levy from the reductions as this will ensure that the poorest members of society are cushioned from the negative consequences of a slow growth economy. The two funding streams have a direct positive bearing on the livelihoods of poor households.

5. CONDITIONAL GRANTS BUDGET ANALYSIS

- 5.1. The 2018 budget allocates a total of R140 billion to conditional grants with a 69% and 31% split between provinces and local government respectively. The allocation represent a slight reduction from the 2017 conditional grant budget estimate of R153 billion. National consolidation program has resulted in significant cuts to the baseline allocations of most conditional grants. This cuts are likely to have negative implications for delivery outcomes. The section below provides an extend budget assessment of conditional grants to ascertain the performance of selected conditional grants and potential implication of the cuts.

A. PROVINCIAL CONDITIONAL GRANTS

- 5.2. Human Settlements Development Grant (HSDG) aimed at establishing habitable, stable and sustainable human settlements in which all citizens have access to social and economic amenities is one of the key grants for housing delivery. Over the past 9 years, HSDG grant

has been performing well with respect to spending with an average expenditure of over 96% and an average expenditure of 98.64 over the last 5 years as shown in Table 6.

Table 6: Human settlement development grant spending performance (2012 – 2016)

Year	Expenditure (%)
2012/13	99.4%
2013/14	97.1%
2014/15	99.4%
2015/16	97.3%
2016/17	100%
Average	98.64%

Source: National Treasury: Division of Revenue Bill 2011/12-2018/19

- 5.3. Despite this performance, the grant has been experiencing significant reductions in its baseline in recent years. In 2016 Division of Revenue, its baseline was reduced by R1.6 billion and by R871 million over 2017 MTEF. Over the 2018 MTEF, for the purpose of fiscal consolidation, the grant has been further reduced by 7.2 billion.
- 5.4. Over and above this reduction, a proportion of the grant has been set aside (earmarked) to make provisions for the two newly introduced earmarked conditional grants, namely the title deeds restoration and provincial emergency housing. While earmarking funding for these two priorities implies that this funding is utilized within the sector, it could have a negative impact with respect to the set targets of housing unit delivery per annum.
- 5.5. Recently, there has been an increasing trend of earmarked funding within the South African intergovernmental fiscal relations (IGFR) system and the Commission has decided to undertake research of the extent of this type of funding and whether earmarking improves service delivery. The Commission is of the view that this further reduction in the baseline of HSDG will further reduce housing outputs which is declining every year in recent years while housing backlog is on the rise.

B. HEALTH

- 5.6. With respect to the health sector, key conditional grants include the Health Facility Revitalisation Grant (HFRG) and the National Health insurance grant (NHI). The former assists on the upgrading, refurbishment and maintenance of existing health care facilities,

and the building of new facilities. The NHI (indirect component) focuses on replacing, refurbishing and maintenance of infrastructure in the national health pilot districts. The baseline for HFRG has been reduced by R511 million while for the indirect component of the NHI grant the reduction amounts to R309 million over the 2018 MTEF. While these reductions are not that much significant, the Commission is of the view that such reductions are likely to negatively affect the provision and maintenance of key health infrastructure which is vital for the piloting of the NHI and the rollout of health reforms during the full implementation of the NHI. The department of health should invest in spending capacity to avoid budgetary cuts in strategic conditional grants.

C. BASIC EDUCATION

- 5.7. With respect to the basic education sector, one of the key conditional grants playing a vital role on infrastructure is the Education Infrastructure Grant (EIG) which was established for the construction, maintenance and refurbishment of education infrastructure and schools. Over the past five years, EIG has shown a good performance with an average spending of 97.94% (See Table 7).

Table 7: Education infrastructure grant expenditure performance (2012 – 2017)

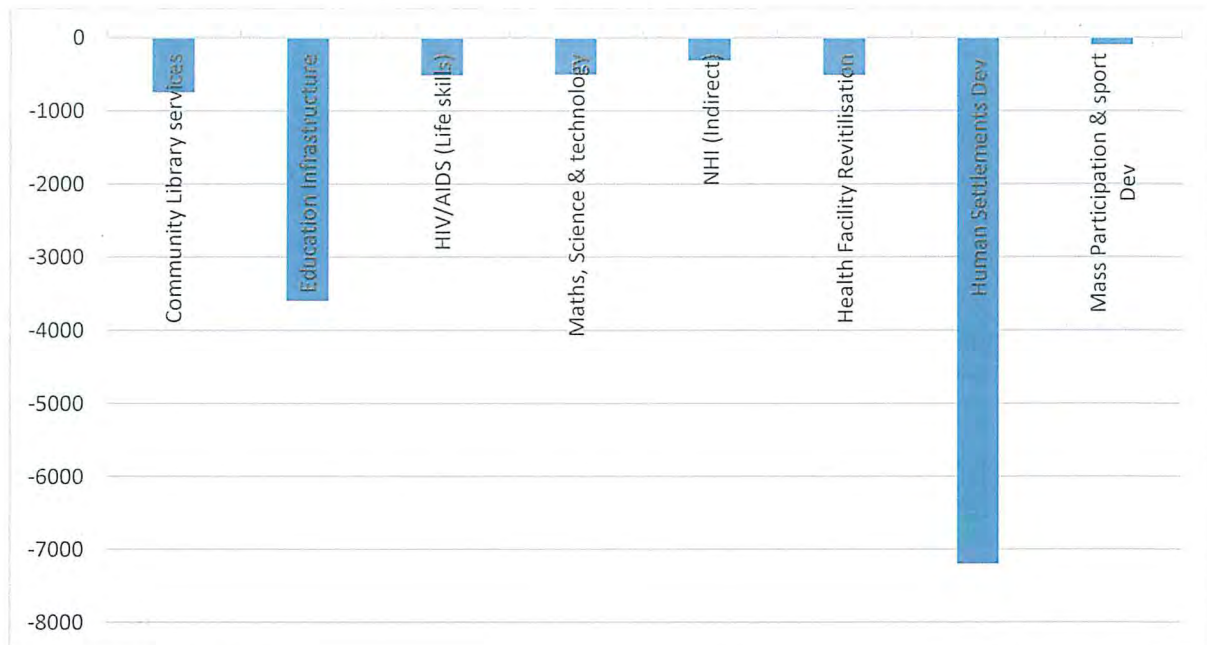
Year	Expenditure (%)
2012/13	96.6%
2013/14	98.6%
2014/15	95.9%
2015/16	101%
2016/17	98.0%
Average	97.94

Source: National Treasury, Division of Revenue 2012/13-2018/19

- 5.8. Despite its good performance, the grant has been reduced by R3.6 billion over the 2018 MTEF. The Commission is concerned with the reduction as it is important to ensure that school infrastructure is provided and kept in a good condition as it affects learning. The Commission is of the view that failure to ensure that school infrastructure is allocated enough funding could negatively affect learning process and outcomes.
- 5.9. Within the education sector the HIV and Aids Grant (Life Skill Education) which seeks to provide for life skills training and sexuality and HIV/AIDS education in primary and

secondary schools has been reduced by R51.9 million over the 2018 MTEF. The main reason for reducing the baseline is underspending. While the Commission supports that funding be shifted to performing programmes, it emphasises the importance of finding the root cause of poor performance and underspending and addressing those challenges instead of reducing allocations on the basis of poor performance.

Figure 6: Total Baseline Reduction to key provincial grants 2018/19 (R-Millions)



Source: National Treasury

D. LOCAL CONDITIONAL GRANTS

5.10. Over the MTEF, municipalities are set to receive R136 billion through direct conditional grants and 21.8 billion in the form of indirect conditional grants. As noted above, local government grant baselines will be reduced by a total of R13.9 billion over the MTEF. In 2018/19 the baseline cuts will amount to R3.2 billion. Table 8 and Figure 6 show the spread in the conditional grants reductions. It would seem that, the largest cuts will be experienced by four grants, namely the MIG, Public Transport Network grant and the USDG. The four grants (2 INEP, USDG and MIG) account for almost 93% (combined) of the total grant reductions over the MTEF. The bulk of the reductions in rand value terms will come from the MIG which will experience a R5.6 billion cut over the 2018 MTEF or R1.5 billion in 2018/19. Over the MTEF the MIG will account for 47% of all conditional grant reductions in 2018/19 or about 40% of the total conditional grant allocation over the MTEF.

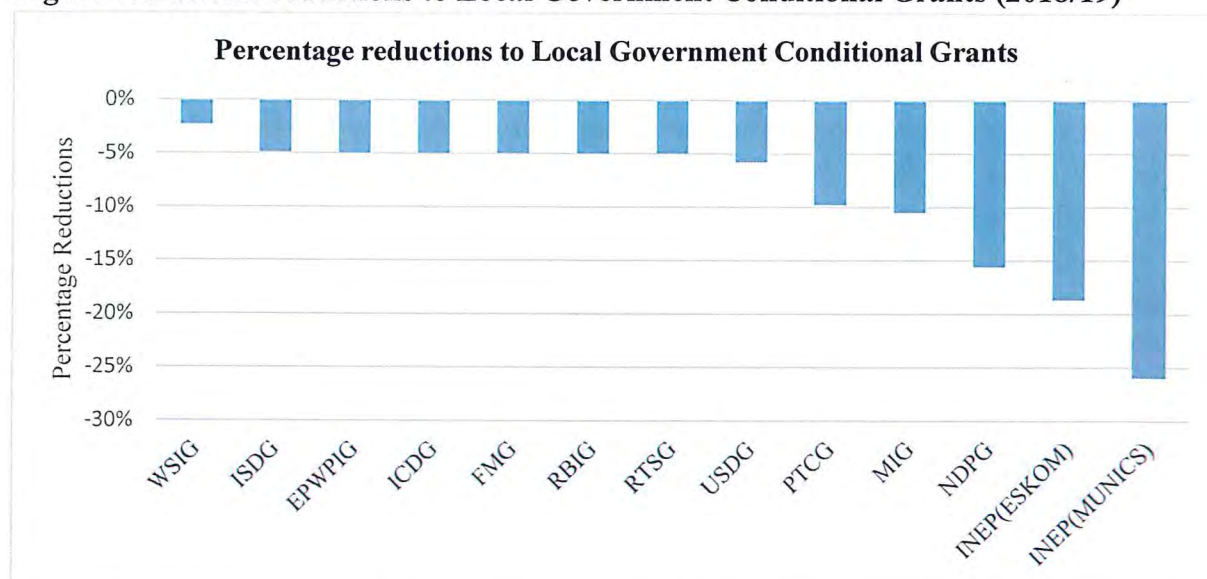
Table 8: Total Value of Conditional Grant Allocation, Total Value of Grant Reductions and Percentage Reductions

R'000		2018/19	2019/20	2020/21	MTEF: Total/ Average for %
MIG	Allocation	16 853 933	17 699 115	18 672 566	53 225 614
	Reduction	1 500 000	2 000 000	2 110 000	5 610 000
	Reduction %	8.9%	11.3%	11.3%	10.5%
Infrastructure skills Dev Grant	Allocation	2 000 000	560 860	588 235	3 149 095
	Reduction	100 000	28 043	30 000	158 043
	Reduction %	5.0%	5.0%	5.1%	5.0%
Integrated City Development Grant	Allocation	309 060	326 360	354 167	989 587
	Reduction	15 453	16 318	17 000	48 771
	Reduction %	5.0%	5.0%	4.8%	4.9%
Local Government Financial Management Grant	Allocation	531 120	560 860	588 235	1 680 215
	Reduction	26 556	28 043	30 000	84 599
	Reduction %	5.0%	5.0%	5.1%	5.0%
Neighbourhood Dev Partnership Grant	Allocation	52 444	48 543	49 383	150 370
	Reduction	7 447	7 864	8 000	23 311
	Reduction %	14.2%	16.2%	16.2%	15.5%
EPWP Integrated grant for municipalities	Allocation	729 340	780 960	820 000	2 330 300
	Reduction	36 467	39 048	41 000	116 515
	Reduction %	5.0%	5.0%	5.0%	5.0%
INEP Direct	Allocation	2 205 882	3 324 100	4 426 573	9 956 556
	Reduction	300 000	1 200 000	1 266 000	2 766 000
	Reduction %	13.6%	36.1%	28.6%	26.1%
Public Transport Network Grant	Allocation	6 580 000	6 950 820	7 336 066	20 866 885
	Reduction	329 000	848 000	895 000	2 072 000
	Reduction %	5.0%	12.2%	12.2%	9.8%
Rural Roads Asset Management Systems	Allocation	113 208	120 000	127 660	360 867
	Reduction	6 000	6 000	6 000	18 000
	Reduction %	5.3%	5.0%	4.7%	5.0%
Regional Bulk Infrastructure	Allocation	2 060 000	2 180 000	2 300 000	6 540 000
	Reduction	103 000	109 000	115 000	327 000
	Reduction %	5.0%	5.0%	5.0%	5.0%
Water Services Infrastructure	Allocation	3 545 455	3 826 087	4 043 478	11 415 020
	Reduction	78 000	88 000	93 000	259 000
	Reduction %	2.2%	2.3%	2.3%	2.3%
Urban Settlements Development Grant	Allocation	12 037 037	12 711 864	13 406 780	38 155 681
	Reduction	650 000	750 000	791 000	2 191 000
	Reduction %	5.4%	5.9%	5.9%	5.7%
INEP (Eskom)	Allocation	3 846 154	3 968 254	4 185 185	11 999 593
	Reduction	700 000	750 000	791 000	2 241 000
	Reduction %	18.2%	18.9%	18.9%	18.7%
Total Value of conditional grants per year	Allocation	50 863 632	53 057 823	56 898 328	160 819 782

Total value of Reductions per year	Reduction	3 851 923	5 870 316	6 193 000	15 915 239
Average % reductions of all grants per year.	Reduction %	7.6%	11.1%	10.9%	9.8%

Source: National Treasury – budget review, 2018/19

Figure 7: Baseline reductions to Local Government Conditional Grants (2018/19)



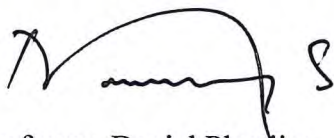
Source: Own Calculations based on National Treasury, (2018) data

5.11. Are the cuts following any apparent rationale or principles? The reductions in conditional grants seem not to follow any clear cut pattern, serve for the fact that they fall disproportionately on bigger grants (in terms of value). The cuts ignore some of the more widely accepted criteria such as historic performance of the grant. Take for example the three better performing grants: the USDG, the Public Transport Network Grant and MIG have been reduced by large proportions despite their good performance. In the main, the criteria or principles guiding the cuts are not clear, besides targeting large grants. The Commission would propose that in future, a more rigorous analysis of the performance of each grant is done before the cuts are done. Another important point to note is that infrastructure grants seem to carry a disproportionate burden of the cuts (e.g. MIG, USDG, INEP and PTNG). Although cuts were unavoidable, the burden should have fallen proportionately across infrastructure and non-infrastructure grants. It is also important that in the near future some rigorous analysis is undertaken to ascertain the impact of such cuts on households, business and economy at large.

6. CONCLUDING REMARKS

- 6.1. In sum, the Commission agrees with the general thrust of the 2018 Division of Revenue Bill as the tight macroeconomic and fiscal environment requires bold decisions to bring the trajectory of public spending trends in line with available revenue. Previously, the Commission has reiterated the need for government to maintain fiscal consolidation as a means to achieve sustainability and most importantly to ensure productive spending and social spending that benefits poor people is not cut.
- 6.2. Given the tight fiscal framework, the Commission commends efforts by Government to protect social spending, in particular the Local Equitable Share which is fundamental in maintaining and improving service delivery to communities.
- 6.3. The reductions fall disproportionately on infrastructure grants, contrary to the nation's development thrust of an infrastructure-led growth. In addition it should be noted that sooner or later this reduction would be self-defeating as infrastructure deteriorates and becomes inadequate for continued basic service provision thereby hurting the poor infrastructure. The Commission therefore supports the proposed conditional grant changes on condition that going forward Government (a) addresses identified weaknesses in the criteria used to cut the grants going forward and (b) puts in place monitoring and evaluation plans of the cuts after a certain period to see and evaluate how it's impacting current and future service delivery.
- 6.4. The Commission is also supportive of the proposed new conditional grants, subject to matters raised in this submission.
- 6.5. As done in previous years, Government has classified the Commission's recommendations into: recommendations that apply directly or indirectly to the division of revenue and recommendations that do not relate to the division of revenue. Responses in the explanatory memorandum accompanying the Division of Revenue Bill are provided for those directly and indirectly related to the division of revenue. Recommendations that do not apply to the division of revenue are being considered and responded to by the appropriate national departments. Parliament is invited to follow through on the responses and commitments made by the departments to implement the recommendations.

For and on behalf of the Financial and Fiscal Commission



Professor. Daniel Plaatjies
Chairperson

20 March 2018

