

BUSINESS DAY

FINANCIAL AND FISCAL COMMISSION:

Financial and Fiscal Commission CEO aims to deepen SA's fiscal relations

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The new CEO of the Financial and Fiscal Commission (FFC), Kay Brown, plans to deepen the role of the constitutionally enshrined body in advising National Treasury on intergovernmental fiscal relations.

Brown moved to the FFC in early April after a 16-year career with the Treasury, which ended with her occupying the role of chief director for expenditure planning in the budget office.

As a former university lecturer with a doctorate in the economics of crime, she brings not only a knowledge of the budget process and the government system to her new role, but also academic research skills that are relevant to an institution involved in research.

The organisation has been without a permanent CEO since August 2016, when Bongani Khumalo left under a cloud. Prof Daniel Plaatjies was appointed chairman in July 2017.

The FFC is a low-profile body set up by the Constitution as an independent and impartial adviser to Parliament, national government, provincial legislatures and other authorities on inter-governmental fiscal matters.

It makes recommendations ahead of the budget and medium-term budget policy statement — and Treasury is obliged to respond in writing on why it accepts or rejects them. The FFC played a crucial role in the reorganisation of the fiscal system after the fall of apartheid. It continues to work on how the realisation of rights outlined in the Bill of Rights can be financed. The allocation of government finances in poverty reduction is also a key focus.

The commission provides input on national legislation dealing with the division of revenue among the spheres of government, equitable shares and national grants to provincial or local government. Such legislation may not be passed before Parliament has consulted the commission and considered its recommendations.

The FFC also makes other submissions on its own initiative or when it is requested to do so and acts as a consultative body for all spheres of government.

Brown notes that another important advisory task for the commission relates to making recommendations on the assignment of functions or fiscal powers to local government.

Such an assignment carries no legal force if the FFC's views have not been considered.

There is a perception that the commission's recommendations are ignored by the government but Brown is convinced it plays an important role in supporting democracy.

"The FFC played an influential role in establishing the system of inter-governmental fiscal relations in South Africa after the transition to democracy and will provide independent and impartial rationality for difficult choices that lie ahead," she says.

Brown notes several examples where the Treasury has acted on the commission's recommendations. These include the first equitable share formula, the costed norms approach to the division of revenue, the vertical division of revenue, "top slicing" of national debt and the review of the local government fiscal framework.

She adds that the onus is on Parliament to ensure that the FFC's recommendations are implemented as it is only an advisory body.

In future she would like the FFC to follow up more on its recommendations and to look in more detail into the implementation of these.

Brown joined the Treasury in 2002 as a policy analyst working on the criminal justice system. From 2007 she headed the expenditure planning unit, managing the budget process.

She was responsible for SA's participation in international budget reform forums and the country's responses to international country assessments.

Brown also served as the chairwoman of the Collaborative Africa Budget Reform Initiative and has represented the country in international structures such as the Global Initiative for Fiscal Transparency.

She played a key role in broadening public participation in the budget process.

In the view of the commissioners who serve on the FFC board, Brown brings with her a "wealth of experience, knowledge and expertise in the comprehensive economic and fiscal governance, public policy and financial planning and systems arenas within the public sector".

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