

Business Report

New bill to correct FFC anomalies

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Siyabonga Mkhwanazi

FINANCE Minister Nhlanhla Nene has stripped the chairperson of the Financial and Fiscal Commission (FFC) of the role's executive powers and also stopped the person holding this role from acting as FFC chief executive. This follows the tabling of the FFC Amendment Bill in Parliament this week.

The bill stated that the purpose of separating these two positions was to strengthen governance at the commission. This was confirmed by the current FFC acting chairman and chief executive Bongani Khumalo, who said yesterday that he supported the bill.

The FFC also welcomed the tabling of the bill.

Since the commission was established 22 years ago, the chairperson has also been the chief executive of the FFC.

But Nene said this was an anomaly that needed to be corrected.

He argued that the chairperson would have to keep an oversight role over the entity, while the chief executive remained the accounting officer.

The FFC's role in the country's constitutional system is to make recommendations to the National Treasury on fiscal matters.

It is standard practice in government and business around the world to keep the roles of the chairperson and chief executive of companies and entities separate.

However, it has been a different kettle of fish at the FFC from day one.

In the bill, the state is looking at having these two positions separated.

The legislation envisages that the chief executive will also act as the secretary of the commission and be appointed for a period of not more than five years.

The amendment bill also states that the government wants to align the law governing the FFC with the constitution and the Public Finance Management Act (PFMA).

Khumalo said the commission had been making this call for some time.

In media briefings at Parliament over the past few years, when the FFC was tabling reports, Khumalo had often called for there to be a distinction between the role of FFC chairman and chief executive.

Khumalo has been acting in the position of chairman over the last four years. But he said the amendment bill was a welcome move.

He said this had been an issue of concern to the commission for a number of years now.

"It's something we have been discussing for a long time. It does not come as a surprise," he said, referring to the bill.

"It does address that anomaly between that act (governing the FFC) and the PFMA. From a governance perspective, we hope it will move the commission into a better structure," he said.

Khumalo refused to be drawn on what his position would be once the bill was approved and signed into law.

He was appointed deputy chairman of the FFC in 2008 and became acting chairman in 2010 when the term of former chairman Bethuel Setai had expired.

Members of the commission are appointed by President Jacob Zuma and they report to the standing committee on finance in Parliament.

The bill will be tabled before the standing committee for processing before it is adopted.

<http://www.iol.co.za/business/companies/new-bill-to-correct-ffc-anomalies-1.1809868#.VMiYFE0cTcs>