



BUDGET OVERSIGHT AND THE 2017 APPROPRIATIONS BILL

A TRAINING WORKSHOP FOR THE STANDING
COMMITTEE ON APPROPRIATIONS

03 MAY 2017

WORKSHOP OBJECTIVES

By the end of the workshop members would be able to:

- Understand the legislative framework that governs the Appropriations Bill and the Committee's role in processing the Bill
- Understand the relationship between the economy and the Appropriations Bill
- Understand the contents of the Appropriation Bill and oversight issues that may require interrogation
- Appreciate the successes and weaknesses of fiscal oversight
- Understand the budget cycle, role of in-year monitoring and BRRR reports



1. WHAT IS THE APPROPRIATIONS BILL?

APPROPRIATIONS BILL

- The Constitution states that money can only be withdrawn from the national revenue fund by an appropriation through an act of Parliament (S213(2))
- The Appropriations Bill withdraws money from the national revenue fund for the operations of the state to each vote (national department) and main division within the vote as required by the Public Finance Management Act for the purposes specified (Money Bills Amendment Procedure and Related Matter Act (MBAPRMA), S(2)(1))
 - Essentially the Appropriations Bill authorises Government to spend money
- The Minister of Finance must table the Appropriations Bill at the same time as the national annual budget (Section 7(1) of MBAPRMA)

ROLE OF THE COMMITTEE IN RELATION TO THE APPROPRIATIONS BILL

- Appropriations Committees (standing and select) are established in terms of Section 4(3) of the MBAPRMA
- Section 10(1)(a) requires that the Appropriations Bill be referred to the Committee on Appropriations of the National Assembly
- Section 4(4)(a-e) of the MBAPRMA outlines the powers and functions of the Appropriations Committees which includes considering and reporting on:
 - a. Spending issues
 - b. Amendments to the Division of Revenue, the Appropriations Bill, Supplementary Appropriations Bills and Adjustments Appropriations Bill,
 - c. Recommendations of the FFC
 - d. Reports on actual expenditure published by the National Treasury
 - e. Any other related matter

ROLE OF THE COMMITTEE IN RELATION TO THE APPROPRIATIONS BILL [CONT.]

- Sections 10(5) and 10(6) of the MBAPRMA allows for other Committees to advise the Committee on Appropriations regarding:
 - Where a sub-division of the main division within a vote should be appropriated conditionally to ensure that the money requested for the main division will be spent effectively, efficiently and economically
 - Where an amount must be appropriated specifically and exclusively for a purpose mentioned under a main division within a vote



2. CONTEXTUALISING THE APPROPRIATIONS BILL IN TERMS OF THE MACRO ECONOMY AND GOVERNMENT'S PRIORITIES

APPROPRIATIONS BILL AND LINK TO THE ECONOMY

$GDP = \text{Consumption } (C = f(Y - T)) + \text{Investment } (I(r)) + \text{Government } (G) + \text{Exports } (X(e)) - \text{Imports } (M(e))$

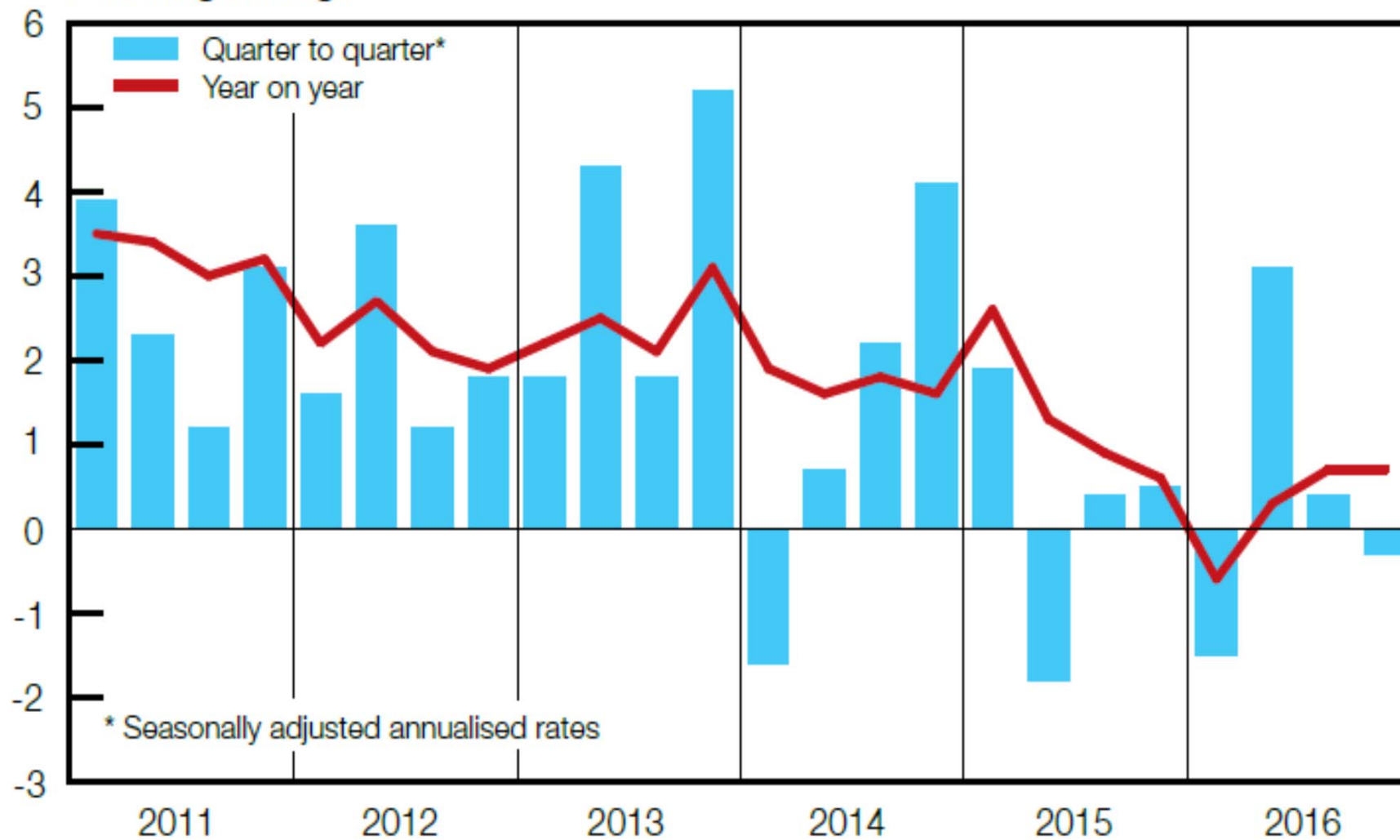
- The Appropriation Bill forms an integral part of Government (G) expenditure
- If the Appropriation Bill approves higher spending for national government, Government expenditure (G) increases and everything else stays the same (ceteris paribus), how is growth likely to be affected?
- If Tax (T) increases and everything else stays the same (ceteris paribus), how is growth likely to be affected?
- If both national expenditure and tax increase and everything else stays the same (ceteris paribus), how is growth likely to be affected?

ECONOMIC OUTLOOK

- Global recovery is still subdued
 - Recent data shows global economic outlook is muted, although IMF has kept growth prospects the same at 3.4% in 2017
 - Inflation accelerated in some countries for the last quarter of 2016 and beginning of 2017 due to increase in oil prices and commodity prices
- Domestic growth is slowing down
 - Real economic growth turned negative in the fourth quarter of 2016 due to declines in output of primary and secondary sectors
 - For 2016 as a whole, economy grew by 0.3% – the lowest annual growth rate since 2009
- Slow growth is negatively impacting on job creation
 - Due to subdued growth, domestic economy struggled to create sufficient employment opportunities
 - In the fourth quarter of 2016, the seasonally adjusted unemployment rate increased to its highest level since the global financial crisis.

Real gross domestic product

Percentage change



Source: Stats SA

Real gross domestic product

Quarter-to-quarter percentage change at seasonally adjusted annualised rates

Sector	2015		2016			
	Year*	Q1	Q2	Q3	Q4	Year*
Primary sector	1.4	-19.0	9.1	3.2	-9.0	-5.4
Agriculture	-6.1	-8.7	-7.8	-0.2	-0.1	-7.8
Mining.....	3.9	-21.8	14.6	4.2	-11.5	-4.7
Secondary sector	0.0	-0.1	4.8	-2.5	-1.8	0.2
Manufacturing.....	-0.2	0.6	7.6	-3.3	-3.1	0.7
Tertiary sector.....	1.6	1.4	1.9	0.8	1.6	1.4
<i>Non-primary sector</i>	<i>1.2</i>	<i>1.0</i>	<i>2.5</i>	<i>0.1</i>	<i>0.8</i>	<i>1.1</i>
Total.....	1.3	-1.5	3.1	0.4	-0.3	0.3

* Percentage change over one year

Source: Stats SA

Contributions of expenditure components to growth in real gross domestic product

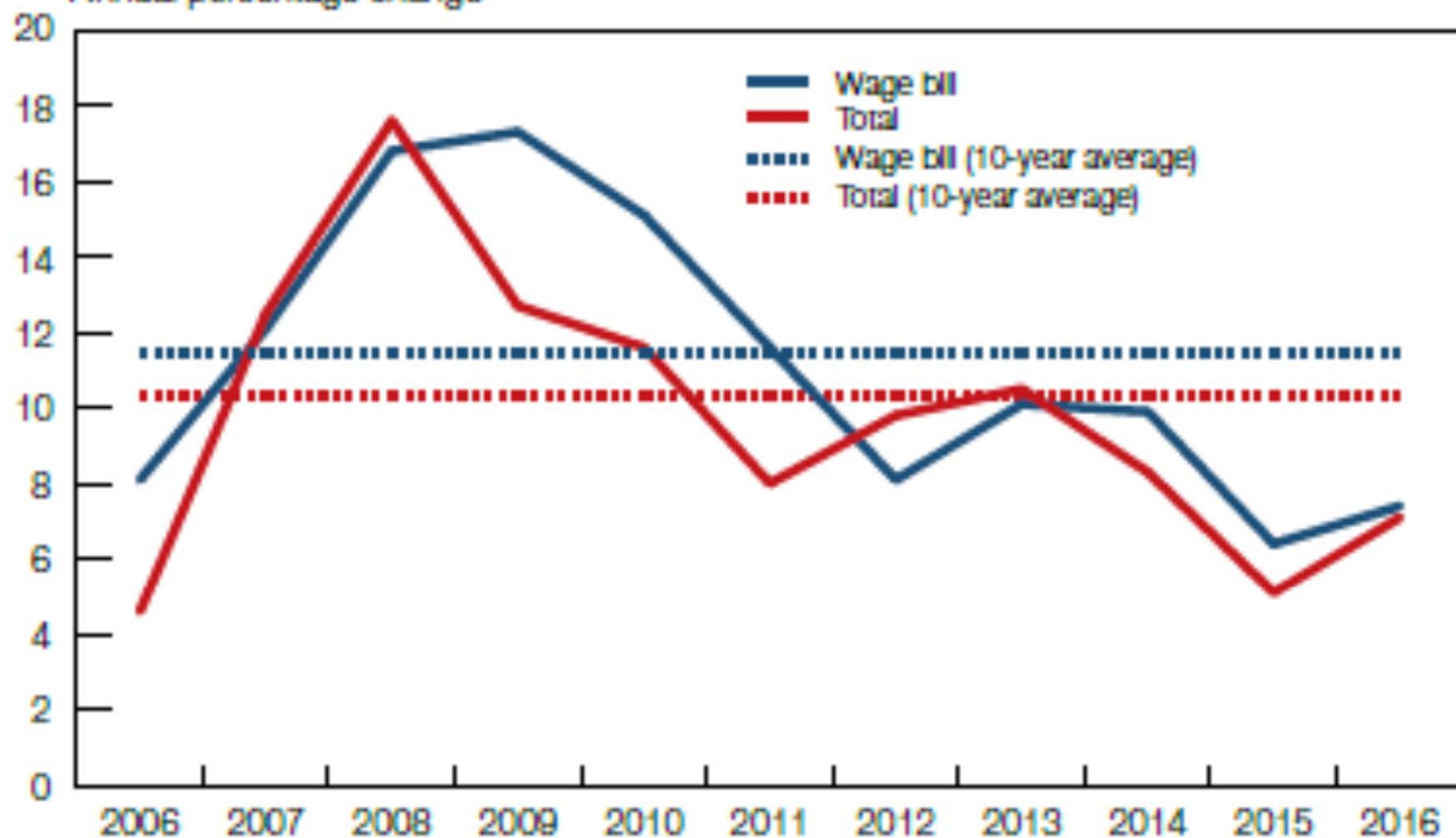
Percentage points

Component	2015		2016			
	Year	Q1	Q2	Q3	Q4	Year
Final consumption expenditure						
Households.....	1.0	-0.9	0.7	1.3	1.3	0.5
General government.....	0.1	0.3	0.6	0.4	0.1	0.4
Gross fixed capital formation	0.5	-2.2	-0.6	-0.7	0.3	-0.8
Change in inventories	-0.1	-1.1	-4.6	6.2	-3.5	-0.8
Net exports	-0.5	2.2	7.5	-6.8	1.7	1.2
Residual	0.1	0.2	-0.5	0.0	-0.2	-0.2
Gross domestic product	1.3	-1.5	3.1	0.4	-0.3	0.3

Source: SARB

Nominal consumption expenditure by general government

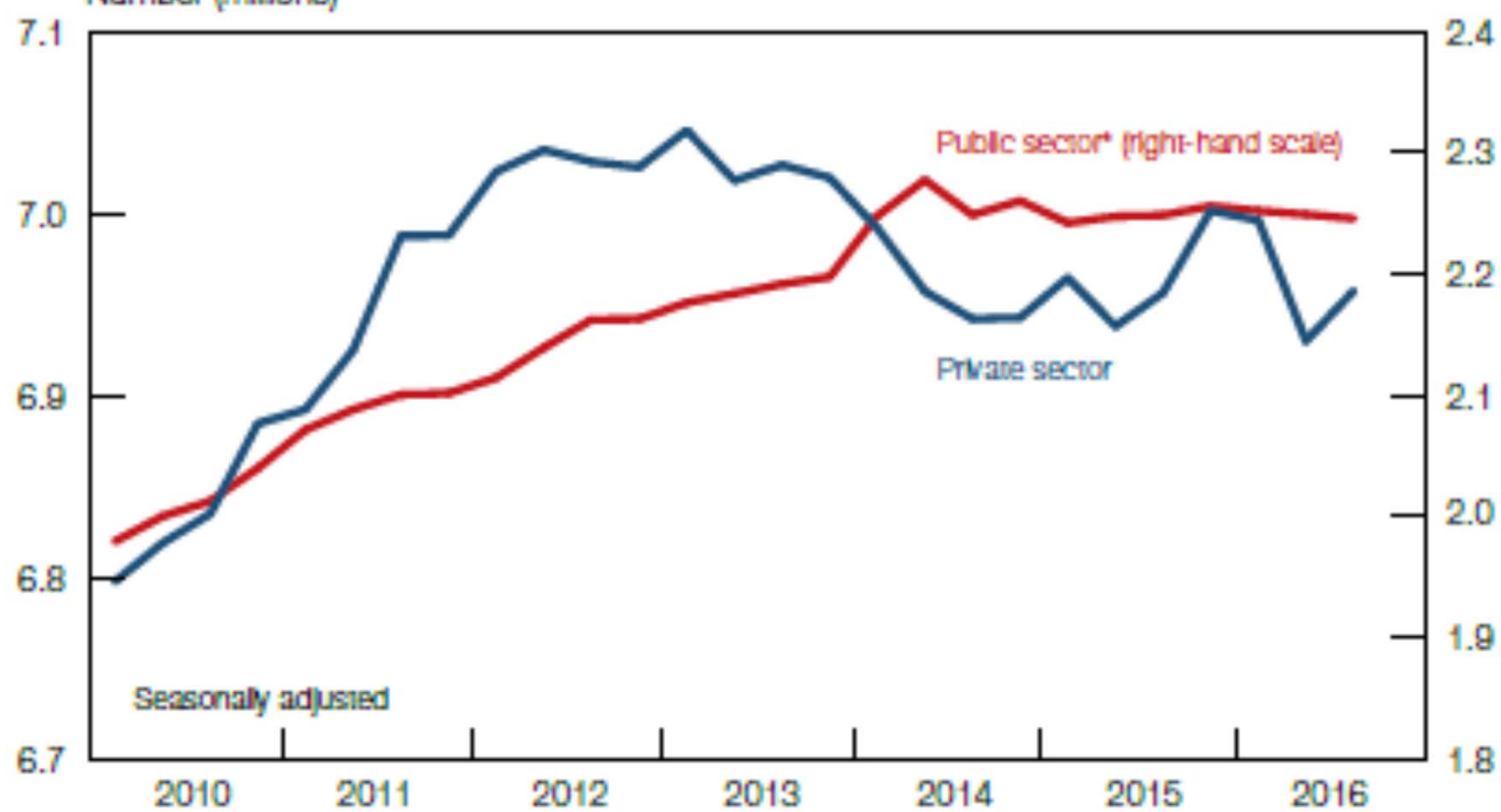
Annual percentage change



Source: Stats SA

Formal non-agricultural employment

Number (millions)



* Adjusted for election-related outliers

Sources: Stats SA and SARB

GOVERNMENT'S KEY PRIORITY AREAS

National Development Plan

- Building an inclusive economy that will create more jobs
- Improving infrastructure
- Transition to a low-carbon economy
- Inclusive and integrated rural economy
- Reversing the spatial effects of Apartheid
- Improving the quality of education, training and innovation
- Quality healthcare for all
- Social protection
- Building safer communities
- Building a capable public service
- Fighting corruption
- Transforming Society and uniting the country

Medium Term Expenditure Framework 2014-2019

- Education
- Health
- Safety
- Decent employment through inclusive growth
- Skilled capable workforce
- Infrastructure
- Rural development
- Sustainable human settlements
- Responsive local government
- Protect and enhance environmental assets
- International
- Improved public service
- Comprehensive social protection system
- Diverse, social cohesive society

9 Point Plan for the Economy

- Resolving energy crisis
- Upping the agricultural value chain
- Beneficiation
- Higher impact industrial policy action plan
- Encouraging private sector investment
- Moderating work place conflict
- Unlocking the potential of SMMEs, cooperatives, townships, rural enterprises
- Reform SOCs, broadband rollout, water, sanitation and transport infrastructure
- Grow the ocean economy

ANC Election Manifesto

- Decent work and sustainable livelihoods
- Education
- Health
- Rural Development, food security and land reform
- Fight against crime and corruption

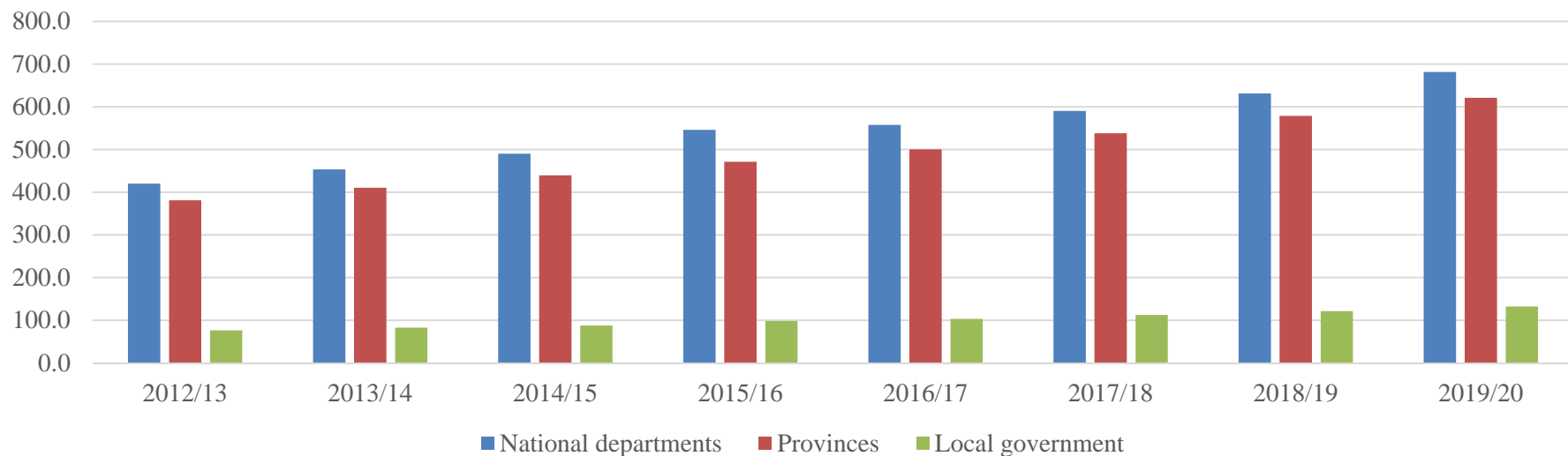


3. ANALYSING PRACTICALLY APPROPRIATIONS BILL FOR OVERSIGHT PURPOSES

ALLOCATIONS TO THE NATIONAL SPHERE

- Allocations to the national sphere average 48% of the total resources divided amongst the three spheres
- Share to national government is largest
 - National allocation includes conditional grants to subnational governments

Division of Revenue, 2012/13-2019/20 (R'billion)

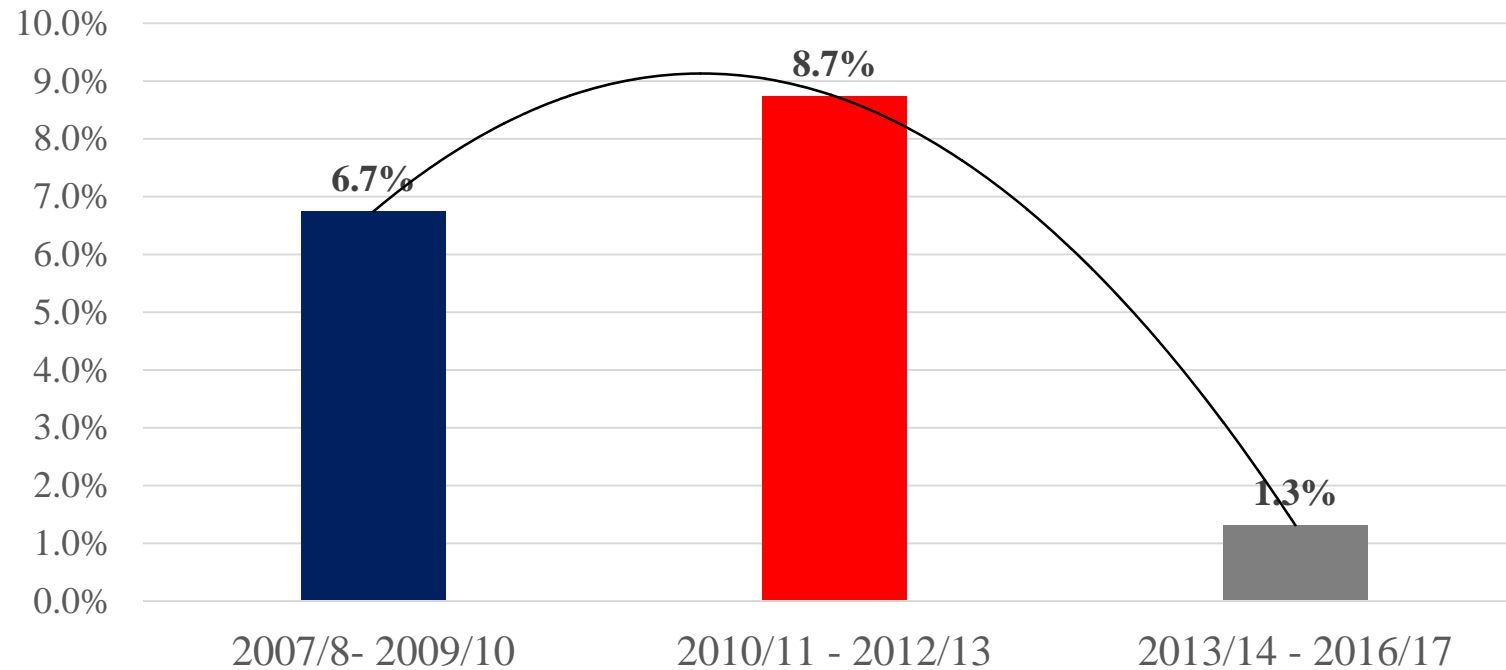


NATIONAL GOVERNMENT SPENDING BY ECONOMIC CLASSIFICATION AND IMPLICATIONS

Economic Classification (R thousands)	2016/17	Share of Total Spending
Compensation of employees	148 331.3	21%
Goods and services	65 110.7	9%
Interest (debt service costs)	146 380.1	21%
Transfers and subsidies (excl. transfers to provinces & LG)	323 853.1	46%
Payments for capital assets	13 746.1	2%
Payments for financial assets	6 209.9	1%
TOTAL (National Government)	703 631.2	100%

GOVERNMENT SPENDING BY ECONOMIC CLASSIFICATION - COMPENSATION

Average Annual Real Growth - CoE



GOVERNMENT SPENDING BY ECONOMIC CLASSIFICATION - COMPENSATION

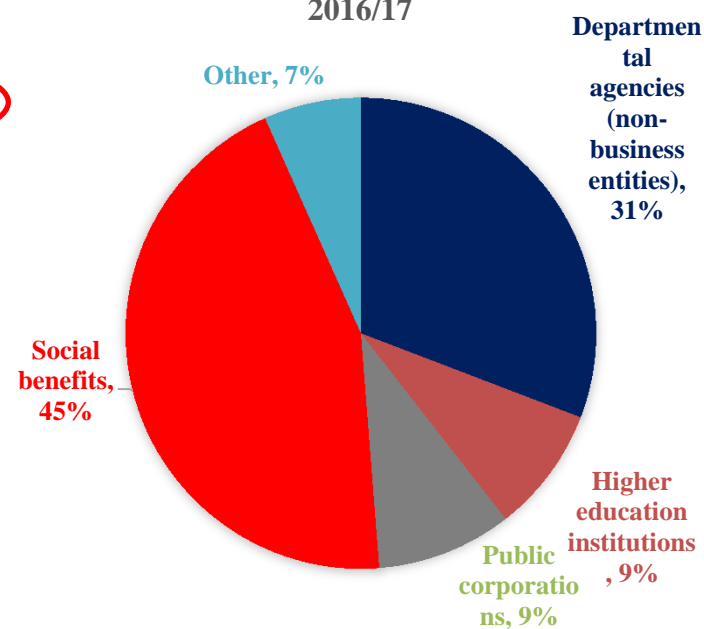
- The wage bill is one of national government's biggest cost drivers
- If the wage bill is very high, this will result in (i) *crowding out of resources that could be used on other key priorities*, (ii) *large fiscal deficits*, (iii) *unsustainable public debt* and (iv) *loss of competitiveness of the economy, ultimately impacting growth and employment*
- In recent years national government has reduced the growth of the compensation budget, but spending on compensation is still increasing
- A key message in the 2017 Appropriation Bill will be consistency in the policy to stabilise the national compensation budget
 - From an oversight perspective, the Committee may want to know from government to what extent are the measures being implemented (E.g. HR plans) and how effective? What national departments are failing to comply with these measures and why?
 - Other issues that may be important to consider are (i) *any unintended consequences arising out of the measures to manage headcounts and setting compensation limits, especially in critical services to the poor*; (ii) *how far is government in implementing measures to link wage increases with productivity* and (iii) *Long-run sustainability of the compensation budget, especially in light of upcoming negotiations on a new wage agreement*

GOVERNMENT SPENDING BY ECONOMIC CLASSIFICATION – TRANSFERS AND SUBSIDIES

Table: Expenditure on Transfers and Subsidies by National Government

	2013/14	2014/15	2015/16	2016/17
Departmental agencies (non-business entities)	79 478.6	86 297.1	91 847.6	99 775.3
Higher education institutions	22 507.0	24 375.1	26 373.3	27 976.3
Public corporations	22 183.9	26 790.9	30 129.7	30 138.3
Social benefits	113 816.5	124 458.1	133 048.1	144 322.2
Other	18 026.01	18 629.69	19 271.71	21 641.07
Total	256 012.06	280 550.91	300 670.48	323 853.14

**TRANSFERS AND SUBSIDIES
2016/17**



GOVERNMENT SPENDING BY ECONOMIC CLASSIFICATION – TRANSFERS AND SUBSIDIES

- When disaggregating national expenditure by economic classification, transfers and subsidies was the biggest cost driver (46%) in 2016/17
- A large number of national departments oversee public entities that receive transfer payments from their budget votes
- Well managed public entities can play an important role in national development
- Public entities are governed by the PFMA, Treasury regulations and Companies Act (2008), codes of good corporate governance and their own set of founding acts
- However, despite this comprehensive governance framework, a big concern currently is whether these transfer payments are properly spent and if government is getting value for money from the spend
- In 2015/16, the borrowing for six largest state-owned enterprises reached R128 billion, with Eskom and Transnet accounting for 74% of the total

Gross foreign borrowings are expected to account for majority of total funding over the medium term

GOVERNMENT SPENDING BY ECONOMIC CLASSIFICATION – TRANSFERS AND SUBSIDIES

- Likely to see in the 2017 Appropriation Bill reductions in transfers to public entities, especially those that have accumulated surpluses
- From an oversight perspective, the committee may want to know (i) what steps are being taken to improve monitoring of public entities, (ii) what budget principles are being implemented to prevent public entities from impacting on the budget balance, (iii) what new public entities are being established, their function and how much is being allocated

TOP FIVE COST DRIVERS

- The table below shows the national departments with the seven largest allocations – they have remained fairly consistent over the years

2013/14	2016/17	2019/20
1. Social Development	1. Social Development	1. Social Development
2. Police	2. Police	2. Police
3. CoGTA	3. CoGTA	3. CoGTA
4. Transport	4. Transport	4. Transport
5. Higher Education and Training	5. Higher Education and Training	5. Higher Education and Training
6. Health	6. Defence and Military Veterans	6. Defence and Military Veterans
7. Human Settlements	7. Health	7. Health

CASE STUDY 1: HIGHER EDUCATION AND TRAINING

- Legislative mandate

- Constitution: Section 29(1)(b) states: *“Everyone has the right to further education, which the state, through reasonable measures, must make progressively available and accessible”*

But

- Unlike rights to basic and adult education, entitlement to further education is qualified and subject to progressive access or availability of state resources
 - Similar to housing, healthcare, food, water and social security whose access rights are subject to state’s “available resources”
 - Justifiable to conclude that guarantee to have access to further education is subject to available resources
- Other legislation

CASE STUDY 1: HIGHER EDUCATION AND TRAINING [CONT.]

- Delivery:
 - University education: through independent universities, universities of technology
 - Technical vocational education and training (TVET): TVET colleges. This function was located at provincial level until 2012 when it was shifted to the national sphere
 - Adult basic education and training (ABET): Community Education and Training (CET) colleges: This function was located at provincial level until 2012 when it was shifted to the national sphere
 - Other forms of training: through sector education training authorities (SETAs)
- Essentially DHET oversees various implementing agents
- Key risks with this model:
 - Misunderstanding of Constitutional imperatives around access to post school education
 - Implementing agents inadequately fulfilling the vision of the state for the particular sector
 - Model requires effective oversight by parent department to ensure that vision, norms and standards around service and quality are being adhered to

CASE STUDY 1: HIGHER EDUCATION AND TRAINING [CONT.]

- Governance/IGFR issues
 - Generally financial management is healthy - Auditor-General's (AG) assessment of the DHET shows unqualified audit opinion has been maintained for the past 3 years
 - » Note that AG has repeatedly raised a number of material issues that have not been adequately addressed, which can negatively affect audit outcomes. Some of these issues relate to: (1) weak performance management processes, (2) slow responses by management and lack of regular monitoring of progress and (3) vacancies in key positions
 - FFC has made recommendations around funding of PSET, specifically:
 - Colleges function shifted from provinces to national sphere. FFC was consulted and endorsed the shift but cautioned against perpetuating historical underfunding of colleges
 - A number of the outcome indicators under programme 4(TVET Colleges Programme) had zero targets as a result of the unavailability of funding - as reported in the APP

CASE STUDY 1: HIGHER EDUCATION AND TRAINING [CONT.]

- BRRR recommendations based on 2015/16 Annual Report
 - *Inadequate funding of colleges*: future funding dispensation should not exclude the TVET and CET Colleges to create a viable environment for the production of critical and scarce skills required by the economy;
 - *Collaboration with SCoA*: The Committee will confer with the Standing Committee on Appropriations for the future funding of the post-school education and training sector;
 - *Capacity Challenges*: DHET has not been fully capacitated since its inception, and its operational budget was severely inadequate to enable the Department to strengthen its oversight function over more than 100 entities it oversees. Adequate funding should be allocated to address capacity constraints within the Department; and
 - *Costing of key legislation*: The White Paper for Post-School Education and Training targets should be properly costed and funded. This costing should be inclusive of the entire PSET sector.

CASE STUDY 2: SOCIAL DEVELOPMENT

- Legislative Mandate
 - Social Development derives its core mandate from the Constitution
 - Section 27 (1) (c) of the Constitution provides for the right of access to social security, including appropriate social assistance to those unable to support themselves and their dependants.
 - Section 28 (1) of the Constitution sets out the rights of children with regard to appropriate care, basic nutrition, shelter, healthcare and social services, and detention Access to food and social security
 - Schedule 4 of the Constitution identifies social development, population development and disaster management as functional areas of concurrent national and provincial legislative competence
 - Other legislation

CASE STUDY 2: SOCIAL DEVELOPMENT

[CONT.]

- Delivery:
 - Delivery of social assistance in the form of eight social grants through South African Social Assistance Agency (SASSA)
 - Develop policies, monitor and support various social welfare services

R' million	2013/14	2014/15	2015/16	2016/17
Department of Social Development	117111	127861	136406	148938
Share of National Spending (%)	20%	20%	19%	21%
Transfers to SASSA	109 588	119 969	128 334	139 500
Share of DSD Spending (%)	94%	94%	94%	94%

- Generally, SASSA's operations are set to become largely driven by information and communication technology (ICT) over the medium term. The focus will thus be on implementing a range of projects aimed at modernising service delivery

CASE STUDY 2: SOCIAL DEVELOPMENT

[CONT.]

- Risks to fulfilling Mandate
 - The concurrent nature of social welfare services creates contingent liability on provincial departments when national departments develop policies that are too exorbitant for provinces to implement
 - There are currently no reliable backlog needs assessment of child welfare services and social welfare services in general. Such measures are necessary if government is to model the costs of providing services both by government directly and through funding NPOs
 - National and provincial roles and responsibilities in relation to NPO financing are not clearly defined
 - There are currently no reliable backlog needs assessment of child welfare services and social welfare services in general
- Such an assessment is necessary if government is to model the costs of providing services by government directly and through funding NPOs

CASE STUDY 2: SOCIAL DEVELOPMENT

[CONT.]

- Governance/IGFR issues
 - The Department of Social Development maintained an unqualified audit opinion for the past 3 years
 - Nevertheless, various court cases in recent times have identified a need for stronger oversight over the department's constitutional obligations, especially with respect to the disbursement of social grants and implementing minimum norms and standards across welfare services
 - The White paper on social welfare services is being reviewed. IGFR challenges with respect to capacity of provinces to implement services, and stronger oversight and monitoring role by national government need to be addressed
 - FFC has made recommendations around funding of Social Development, specifically:
 - Government moves faster towards consolidating the various social protection instruments (CSG, Foster Child Grant, UIF, social wage, etc.), as part of the longstanding reform of the social security system because of the significant effects on reducing child poverty
 - Government puts in place a system to ensure coverage is extended to children currently excluded from accessing the CSG for administrative reasons

CASE STUDY 2: SOCIAL DEVELOPMENT

[CONT.]

- BRRR recommendations based on 2015/16 Annual Report
 - *Effective systems for procurement:* accounting officers of SASSA and the NDA should put in place effective measures to prevent irregular, wasteful and fruitless expenditure, including the training of officials on the PFMA and Treasury regulations;
 - *Improved grant system:* SASSA strengthens the implementation of the Fraud Prevention Strategy to eliminate fraudulent activities in the grant payment system; SASSA conducts awareness campaigns on how and where social grant beneficiaries can report illegal deductions from their social grants
 - *Oversight reporting:* Department and the entities must report on the progress made in implementing BRRR recommendations when they present their quarterly reports to the Committee.
 - *Implementing BRRR recommendations:* between 2016/2017 and 2017/2018 financial years the recommendations made by the erstwhile Committee and the AG regarding the Four Dormant Funds are implemented so that their existence no longer become an audit query

GENERAL BUDGET OVERSIGHT CHALLENGES

- According to an Independent Panel Assessment of Parliament (2008), the following oversight challenges were highlighted:
 - There is a lack of an impact assessment of legislation passed by Parliament, including the budgetary, financial and economic costs *inter alia*
 - Legislation passed is not monitored to detect unintended consequences, failure by executive or other organs of state to take required actions in response to legislation
 - In exercising oversight, sometimes there is a lack of balance between short-term delivery focused oversight and policy oversight which generally is long term in nature
 - e.g. A committee may assess a department's delivery target of low-cost housing in a particular year without evaluating whether the targets are appropriate given the long term trends in demand for low-cost housing, etc.

GENERAL BUDGET OVERSIGHT CHALLENGES [CONT.]

- The ability of Parliament to amend money Bills raised a number of concerns from the Treasury and other actors. These concerns relate to, among others, the balancing of expenditure with revenue generation when budget changes are effected, the disruption of the budget cycle, and inadequate resources within Parliament to analyse the full implications of budgetary adjustments
- There is a lack of understanding of the broader societal issues which inform particular departmental policies and an interrogation of appropriateness of these policies

ASSESSING PROGRESS IN PARLIAMENTARY BUDGET OVERSIGHT - SUCCESSES

Year	Number of Recommendations by Appropriations Committees	Number of Recommendations by Finance Committees
2013	<ul style="list-style-type: none"> On 2012 MTBPS: 4 recommendations Adjustments Appropriation Bill: 1 recommendation On DoR Amendment Bill: 0 recommendations Proposed DoR and conditional grant allocations to provincial/ local spheres as per 2013 MTBPS: 0 recommendations TOTAL RECOMMENDATIONS: 5	<ul style="list-style-type: none"> on 2012 Revised Fiscal Framework: 4 recommendations
2014	<ul style="list-style-type: none"> On 2013 MTBPS: 6 recommendations Adjustments Appropriation Bill: 3 recommendations On DoR Amendment Bill: 7 recommendations Proposed DoR and conditional grant allocations to provincial/ local spheres as per 2013 MTBPS: 8 recommendations TOTAL RECOMMENDATIONS: 24	On 2013 Revised Fiscal Framework: 8 recommendations
2015	<ul style="list-style-type: none"> On 2014 MTBPS: 10 recommendations On DoR Amendment Bill: 5 recommendations Proposed DoR and conditional grant allocations to provincial/ local spheres as per 2014 MTBPS: 5 recommendations TOTAL RECOMMENDATIONS: 20	On 2014 Revised Fiscal Framework: 9 recommendations
2016	<ul style="list-style-type: none"> On 2015 MTBPS: 14 recommendations Adjustments Appropriation Bill: 3 recommendations On New Development Bank Special Appropriations Bill: 4 recommendations On DoR Amendment Bill: 5 recommendations Proposed DoR and conditional grant allocations to provincial/ local spheres as per 2015 MTBPS: 2 recommendations TOTAL RECOMMENDATIONS: 28	On 2015 Revised Fiscal Framework: 12 recommendations

- Various sections (e.g. s2(3), s6(5)(6), S8(4), S10, s11, s12) of MBAPRMA allow the Finance and Appropriations Committees to make recommendations and/or amend money bills
- Number of recommendations by the Finance and Appropriations Committees rising steadily over the years especially since 2014
 - To date, recommendations made by these Committees generally accepted by the Minister of Finance, which suggests influence of Committees over fiscal matters are increasing



4. ADJUSTMENTS BUDGET

ADJUSTMENT APPROPRIATIONS AND MID-YEAR ESTIMATES

- The MTBPS must contain adjustments to the conditional grant allocations to national and provincial government and review spending by national and provincial government during the first half of the fiscal year
- Conditional Grant Adjustments
 - Consistent with historical practise, likely to see reductions in underperforming grants in MTBPS
 - While principle of ability to spend is sound, must be measured against achieving grant objectives and national priorities
 - Critical to consider the performance of direct vs. indirect grants in MTBPS
- Mid-year Estimates
 - Likely to see uneven pattern of spending by national and provincial government
 - May see additional funds allocated to deal with improvement in conditions of service
 - Wage bill a major cost driver and need to consider in MTBPS whether government is adequately managing wage bill escalation

BRRRs IN RELATION TO ADJUSTMENT APPROPRIATIONS

- Section 5(2) of the MBAPRMA requires all committees of the national assembly to annually table BRRRs
- Section 5(4) states that BRRRs must be submitted after adoption of the Appropriation Bill and prior to adoption of reports on the Medium Term Budget Policy Statement
 - For Committees to influence budget allocations, timing of intervention is crucial
 - Efforts via BRR reports likely to yield much more impact than efforts applied later in the cycle
 - Efforts applied to MTEF outer years likely to be even more successful if well founded
- Since the BRRRs contain information and recommendations around spending and service delivery performance including aspects of efficiency and effectiveness, the Appropriations committees could use the reports to assist in making decision around adjustments requested

BUDGET REVIEW AND RECOMMENDATIONS REPORTS

- The BRR reports (Section 3 of MBPARMA):
 - Must provide an assessment of the Department's service delivery performance given available resources
 - Must provide an assessment on the *effectiveness and efficiency* of the Department's use and forward allocation of available resources
 - *May* include recommendations on the forward allocation of resources (*good practise*)

BUDGET REVIEW AND RECOMMENDATIONS REPORTS [CONT.]

- Scope of the performance assessment of national departments required by s5 of MBPARMA which – under tight time frames – includes:
 - Medium term estimates of expenditure of each national department, its strategic priorities and measurable objectives, as tabled in the national assembly with the national budget
 - Prevailing strategic plan
 - Expenditure report relating to the department published by the National Treasury in terms of s32 of the PFMA
 - Financial statements and annual reports of the department;
 - Reports of the Committee on Public Accounts relating to the Department
 - Any other information requested by or presented to a House or Parliament

SUGGESTIONS FOR ENHANCING BRRs

- Sensitising committee researchers to the large array of sources of independent analysis and research relevant to the BRR, including those from Chapter 9 Institutions Supporting Democracy and FFC (see toolbox for list of institutions that provide independent analysis/research that can enhance BRR's)
- Requiring each new BRR report to reflect on progress with previous BRR recommendations and Ministerial responses to BRR reports
- Encouraging an approach where recommendations for more money in one programmatic area is accompanied by suggestions for reprioritisation, savings and increasing efficiency
- Briefing departments and other stakeholders on information they are required to bring to hearings well in advance and ensuring that hearings allow views from stakeholders and committee oversight visits to validate departmental assessments of their own performance
- Identifying cross cutting themes (e.g. impact on vulnerable groups, employment creation or personnel related expenditure) that cut across all BRR Reports
- Dissemination of BRR reports



5. ROLE OF FFC

KEY



Commission Work Cycle

November

- Estimates of National Expenditure

October

- Technical Committee on Finance
- Budget Council and Forum
- Medium Term Budget Policy Statement (MTBPS)
- Budget Adjustments Bill

September

- Public Hearings: Annual Submission for the Division of Revenue
- Annual Report
- Budget Adjustment Estimates to National Treasury

August

- Technical Committee on Finance
- Budget Council, Forum and Lekgotla
- Public Hearings: Annual Submission for the Division of Revenue

February/March

- State of the Nation Address
- Technical Committee on Finance
- Budget Council and Forum
- Budget Speech (Tabling: Division of Revenue Bill)
- Fiscal Framework and Revenue Proposals
- State of the Provinces Addresses
- Appropriations Bill
- Strategic Plans
- Annual Performance Plans

May

- Tabling: Annual Submission for the Division of Revenue

June

- Public Hearings: Annual Submission for the Division of Revenue

July

- Public Hearings: Annual Submission for the Division of Revenue
- Medium Term Expenditure Framework (MTEF) National Treasury Submission

PARLIAMENTARY BUDGET OVERSIGHT AND FFC'S ROLE IN BUDGET PROCESS

- FFC's primary outputs/reports in terms of Section 221 of the Constitution and Money Bills Procedures and Related Matters Act (MBPRMA):
 - Annual Submission on the Division of Revenue (DoR)
 - Submitted to Parliament 10 months prior to tabling of the DoR by the Minister
 - Contains recommendations/proposals for the following fiscal year and medium terms expenditure framework (MTEF)
 - Submission on the Medium Term Budget Policy Statement (MTBPS)
 - Contains the FFC's response to the MTBPS and adjustments to the division of revenue
 - Submission on the DORB
 - Submitted to Parliament in February and outlines the FFC's response to DORB and relevant annexures

FFC'S ROLE IN THE BUDGET PROCESS

[CONT.]

- Submission on the Fiscal Framework and Revenue Proposals
 - Contains FFC's response to the fiscal framework and revenue proposals contained in the budget tabled by the Minister
- Submission on the Appropriation Bill
 - Submission made to the Standing/Select Committee on Appropriations
- Any other special reports made at own initiative or request by organs of state

PRELIMINARY OUTLINE OF FFC'S UPCOMING SUBMISSION OF THE 2017 APPROPRIATIONS BILL

- Introduction
- General Overview of the 2017 Appropriation Bill
- Assessment of the Composition of Funds in 2017 Appropriation Bill
- Assessment of 5 Priorities in the 2017 Appropriation Bill
- Assessment of Infrastructure Investment in National Government
- Conclusion



6. CONCLUSION

CONCLUDING REMARKS

- Institution building is a long term process
- FFC is keen to engage and support Parliamentary Committees in their fiscal oversight role
- We hope the 2 training modules have gone some way towards assisting the Committee

FFC'S WEBSITE: WWW.FFC.CO.ZA



FINANCIAL AND FISCAL COMMISSION

An Independent Constitutional Advisory Institution



[Home](#)

[About](#)

[Discussions](#)

[Media & Events](#)

[Research](#)

[FAQs](#)

[P.A.I.A](#)

[Jobs & Tenders](#)

[Links](#)

[Contact](#)

You are here: [Home](#)



Submissions

[Commission Submissions](#)

[List of Recommendations](#)

Financial and Fiscal Commission
Intergovernmental Fiscal Relations Conference
10 - 13 August 2014

Training International/Corporate Academy, 2017
Cape Town, South Africa

More Publications

[FFC Submission on stoppage of local government Equitable Share Allocations](#)