

Does SA still need fiscal commission?

Marginalised body could still play a role in the budget process, writes Joachim Wehner

THE Financial and Fiscal Commission has just presented its latest set of recommendations to Parliament; an event that has incited little public debate to date.

About six years after taking up its work, the commission finds itself at the margins of the budget process. Its chairman, Murphy Morobe, complains it "faces problems relating to how government or elements in government respond or fail to respond adequately to its inputs".

Ideas to scrap the commission have been repeatedly floated; yet a thorough assessment indicates that fine-tuning current arrangements is required, not institutional surgery.

At the time of the constitutional negotiations, the creation of the commission offered the possibility of depoliticising the revenue-sharing process between the different spheres of government.

The commission's core function is to make recommendations to Parliament and provincial legislatures on the equitable sharing of revenue between the national, provincial, and local spheres of government.

However, the recommendations

of the commission are not binding: it can bark, but not bite.

Among several key commission recommendations that have been rejected is one to implement the contentious provincial surcharge on the national personal income tax base. The treasury is unfavourably disposed to this recommendation, backed by a Katz Commission report on the matter.

The recently gazetted draft Provincial Tax Regulation Bill avoids the issue, looking at elaborate procedural requirements instead of explicitly listing various provincial taxes.

Several factors have contributed to the commission's flagging fortunes. On a political level, a question mark remains over the status and role of SA's provinces. In this sense, the marginalisation of the commission could reflect government's approach to the provinces.

In addition, as with some government departments, the commission has been plagued by internal problems such as unfilled posts and a high staff turnover. Yet the commission has also contributed much to its marginalisation by "barking up

the wrong tree" and not taking its mandate seriously enough.

Commissioners, for example, repeatedly fail to attend committee briefings, instead sending research staff, as was the case last week with the commission's 2001 submission on the division of revenue to the select committee on finance in the National Council of Provinces.

The fact that most of the key recommendations of the commission are not implemented and that it has not been able to act out its constitutional mandate asks the question whether SA still needs the body.

The fundamental risk with scrapping the commission is a muting of the debate on alternative fiscal options. The resulting institutional centralisation of the deliberations on revenue-sharing would greatly constrain, if not eliminate, the potential for such important debate.

Without the commission, public input would be the sole source of independent data on this matter.

This raises the question as to how the current system might be fine-tuned. The commission has realised the need to improve its interaction with legislatures, as shown

by the creation of its Cape Town office. It should now develop a capacity to respond to research requests from the legislatures, and an effective communication strategy.

To affirm its independence from the treasury, and to reflect the commission's constitutional importance, it would also seem plausible to remove its allocation from the budget vote of the treasury.

It is an irony that a body such as the commission is funded through the very department with regard to which it should function, in part, as a systemic provider of alternatives.

Finally, there is a need to conclude a qualitative shift in the commission's approach, by redefining its role as a think-tank rather than an immediate intervener in policy.

This would require developing a more strategic, medium-term research agenda. Positioning the commission as a think-tank should help to alleviate any concerns about encroachment onto the policy-making terrain of the Treasury.

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