

**An Overview of the Money Bills
Amendment Procedure and
Related Matters Act**

(Act 9 of 2009)

14 October 2014

Renée Osborne-Mullins



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

Outline of the Presentation

1. Key provisions of the Money Bills Amendment Procedure and Related Matters Act (the Money Bills Act)
2. What is a Budgetary Review and Recommendation (BRR) Report
 - Note on performance assessment
3. Procedure (phases) to make recommendations regarding the budget of a national department
4. Conclusion

The Money Bills Act

- The Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009) provides Parliament with a procedure to amend money Bills.
- This procedure entails that:
 1. Each House of Parliament establishes a committee on finance and a committee on appropriations.
 - The finance committees must consider and report on the national macro-economic and fiscal policy; and matters related to these.
 - The appropriations committees must consider and report on spending issues, amendments to the Division of Revenue Bill, the Appropriations Bill, Supplementary Appropriations Bills and the Adjustment Appropriations Bill; and matters related to these.
 2. Parliament establishes a Parliamentary Budget Office (PBO). The aim of the PBO is to provide Parliament with independent, objective and professional advice and analysis on the budget and other money Bills.
 - PBO has limited capacity, however, Committees may request assistance on specific issues.
 3. Prior to the introduction of the national budget, Portfolio Committees must submit a Budgetary Review and Recommendation Report for tabling in the National Assembly.

What is a Budgetary Review and Recommendation Report? (1)

- The Money Bills Act states that Portfolio Committees must, annually, assess the performance of each national department, with reference to the:
 - Medium term estimates of expenditure, strategic priorities and measurable objectives;
 - Prevailing Strategic and Annual Performance Plans;
 - Expenditure reports published by National Treasury, i.e. Section 32 reports - Public Finance Management Act (Act 1 of 1999)
 - Financial Statements and Annual Reports of Departments;
 - Reports of the Committee on Public Accounts; and
 - Any other relevant information.

What is a Budgetary Review and Recommendation Report? (2)

- The Portfolio Committees must then, after assessing the performance of a national department, compile a report detailing its findings.
- This is the Budgetary Review and Recommendation (BRR) Report.
- Hence, the BRR Report can be viewed as a **tool** that attempts to answer the following questions:
 - Has the Department achieved its **strategic objectives**?
 - How **effective** and **efficient** was the use of financial and non-financial resources?
 - Was there **value for money** in services delivered?
 - What did the budget buy? Was that in line with government priorities?
 - What key priorities/programmes require strategic emphasis or realignment in the medium term?
- A BRR Report reviews **past performance** to inform **future use** of resources through **RECOMMENDATIONS**.

What is a Budgetary Review and Recommendation Report? (3)

When assessing performance, interrogate:

- **Goals and objectives** should be “SMART” (specific, measurable, achievable, relevant and time-bound).
- **Indicators** should measure performance (well defined, cost effective, relevant).
- **Targets** should also be “SMART” and consistent.
- **Budget** should reflect priorities of government (SONA, NDP).
- **Efficient** use of resources.
- Actual **outputs** delivered, **deviations** from targets set in Annual Performance Plans and reasons for it.
- Under- or over-spending, reasons, challenges and risks.

Procedure - Recommendations Regarding the Budget of a National Department (1)

1. In October, Portfolio Committees compile the BRR Reports and table it in the National Assembly. The BRR Reports must be tabled before the National Assembly adopts the reports of the Committees on Appropriations on the Medium Term Budget Policy Statement (MTBPS).
2. When the BRR Reports have been adopted by the National Assembly, but before the adoption of the reports on the MTBPS, it is submitted to the Minister of Finance and to the Minister responsible for the vote to which the report applies.
 - Should the Portfolio Committee recommend amendments to the budget of a department, it is advisable to formally submit its BRR Report to the National Assembly's Committee on Appropriations while this Committee is considering the MTBPS.
3. At the discretion of the Portfolio Committee, additional BRR Reports may be submitted.

Procedure - Recommendations Regarding the Budget of a National Department (2)

4. In February, the Minister of Finance formally responds to the BRR Report recommendations and the financial implications of these during the introduction of the National Budget (includes the Division of Revenue Bill and Appropriation Bills).
5. At this stage, if the Portfolio Committee's recommendations are rejected by the Minister of Finance and the Portfolio Committee is dissatisfied with the reasons given, the Portfolio Committee may approach the National Assembly's Committee on Appropriations to re-assert its BRR Report recommendations.

Procedure - Recommendations Regarding the Budget of a National Department (3)

6. The report of the Committee on Appropriations that proposes any amendments to the Appropriation Bill must, in respect of each amendment;
 - Indicate the reason for the proposed amendment;
 - Demonstrate how the amendment takes account of the strategic priorities and allocations of the relevant budget;
 - Demonstrate the implications of each proposed amendment for an affected vote and the main divisions within that vote;
 - Demonstrate the impact of any proposed amendment on the balance between transfer payments, capital and recurrent spending in an affected vote;
 - Set out the impact of any proposed amendment on service delivery; and
 - Set out the manner in which amendment relates to the Department's strategic plans, reports of the Auditor-General, the Committee's reports adopted by the National Assembly, reports in terms of section 32 of the Public Finance Management Act, annual reports and any other information submitted to the National Assembly or Committee in terms of the standing rules or on request.

Procedure - Recommendations Regarding the Budget of a National Department (4)

7. The report of the Committee on Appropriations that proposes any amendments to the Appropriation Bill must be submitted to the Minister of Finance and the Minister responsible for the vote.
8. These Ministers then have 10 days to respond to the proposed amendments.
9. The report of the Committee on Appropriations on the Appropriations Bill must include the response of the Ministers.
10. Parliament must pass, with or without amendments, or reject the Appropriation Bill within four months after the start of the financial year to which it relates, i.e. by start-August.

CONCLUSION

1. Committees annually **assess performance** of departments, **table** BRR Reports and **submit** to Ministers.
2. BRR Reports must:
 - Assess performance in terms of service delivery and the extent to which **resources** are used **effectively** and **efficiently**.
 - Coherently and logically summarise **key findings** based on analyses made.
 - Make **recommendations** (clear, reasonable, motivated with time frames)
3. Ministers to **respond** to recommendations made.
4. Committees **track** the **implementation** of recommendations and **responses** from Ministers.
5. Committee may engage with Committee on Appropriations on its recommendations during (1) the MTBPS and (2) introduction of National Budget.
6. Power of BRR Reports lies in fact that it can be used to **amend** budgets of departments, if assessed and analysed adequately.
7. Important to monitor in-year developments to draft the BRR Report.

