

**To:** The NCOP Committee on Finance

**C/O:** The Secretary to Committee, Zolani Rento [zrento@parliament.gov.za](mailto:zrento@parliament.gov.za)

**From:** The Public Service Accountability Monitor ([www.psam.org.za](http://www.psam.org.za)) and those endorsing as listed below.

**Re:** Submission on proposed amendments to the Money Bills Amendment Procedure and Related Matters Act of 2009 (the "Act")

**Date:** 8 October 2018

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Dear Honourable Members of the NCOP Committee on Finance

Below please find our brief submission on the proposed amendments to the above-mentioned Act.

1. The Bill reduces the reporting timeframes of each committee on finance from 30 days to "15 days after the tabling of the medium term budget policy statement ...or as soon as reasonably possible thereafter,"<sup>1</sup> We are concerned that these reduced timeframes will impact negatively on parliamentary oversight and the ability of the public to participate meaningfully at this critical stage of the budget process.

The PSAM concurs with the 4 October 2018 submission by Dr. Sean Muller from the College of Business and Economics at the University of Johannesburg where he submits that:

*First, it contradicts the recognition in the hearings, deliberations and SCoF report, that more time is needed for oversight and public participation.*

*Second, this appears to be a case of the tail wagging the dog. As a matter of practice, rather than of law, the committees had incorrectly followed the allocation of 9 days – s12(7) – for the revised fiscal framework in the Adjustments Budget when dealing with the MTBPS. The fact that these are traditionally tabled at the same time is incidental and the one should not influence the other, but the amendments now formalise a problematic practice instead of correcting it.*

*Third, in discussions with National Treasury there had been a suggestion that oversight and meaningful public participation would be best enhanced via greater engagement with the MTBPS rather than the Budget per se, because in-year amendments are much more challenging than phased-in changes. The reduction*

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<sup>1</sup> Through a revision to section 6(5) of the Act.

*in time for oversight of the medium-term fiscal frameworks, which are at the core of fiscal policy, directly contradicts this sentiment.*

2. We acknowledge and welcome the Standing Committee on Finance's recommendation that a further review of the Act is required to address the substantive issues relating to consideration of a process for tabling and considering revenue Bills and enhancing meaningful public participation in the budget process.

Still, we take this opportunity to iterate the urgent need to address present oversight processes, for instance, as relates to the announcement and in-principle approvals of revenue proposals in February, with associated legislation only being passed some months later. We also note that the inclusion of phrases such as, "*or as soon as reasonably possible thereafter*", in the proposed amendments to section 6(5) discussed above, to section 8(3) relating to the tabling of the national budget, or to section 12(7) relating to the revised fiscal framework, and other similar amendments, introduces uncertainty, and does not address the issue of facilitating more substantive oversight, and meaningful engagement and participation.

3. The Bill envisages that certain responsibilities relating to the oversight of the Parliamentary Budget Office ("**PBO**"), including relating to the structure of the PBO and conditions of service for its personnel, will be moved from committees to an advisory board consisting of the chairpersons of finance and appropriations and the two house chairpersons.<sup>2</sup>

We submit that the mandate of the PBO, especially its intended non-partisan role and main objective "*which is to provide independent, objective and professional advice and analysis to Parliament on matters related to the budget and other money Bills*"<sup>3</sup> will not be met in circumstances where such advisory board is represented exclusively or dominated by a single political party. In our view, the PBO's main objective will only be given effect to and better realized if such oversight function is carried out by an advisory board that has cross-party representation. Alternatively, if this cannot be achieved, then an entirely new arrangement must be considered, and the notion of an advisory board done away with.

Given the brevity of our submission and our location in Grahamstown, we do not envisage an oral presentation before the committee. We would nevertheless request that our submission receive thorough consideration by the committee.

Kindly note that this submission is endorsed by the entities whose logos appear below.

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<sup>2</sup> Through an amendment to section 15 of the Act.

<sup>3</sup> Section 15(1) of the Act.

Yours sincerely

Jay Kruuse

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