

Parliamentary

**Select Committee on Finance- Mandate
Money Bills and Related Matters Act 2018
08th October 2019
Dr Dumisani Jantjies**

Budget
Office



Outline

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- Finance Committee-Budget Review -February
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Introduction

- The Parliamentary Budget Office (PBO) was established in terms of Section 15 of Money Bills and Related Matters Act 2009 as amended in 2018;
- Established to support the implementation of the Money Bills and Related Matters Act; in particular support Finance and Appropriations Committees on both Parliament Houses; but other Committees and MPs subject to availability of capacity;
- PBO offers independent and objective advice and analysis to the Finance and Appropriations committees in both Houses of Parliament on money bills and other bills presented by the Executive; and any other documentation or reports with fiscal implications;

Money Bills and Related Matters Act 2018

- The Act came into effect in April 2009;
- It gives Parliament powers to amend the budget and other money bills before it;
- Each House to establishes a Committee on Finance to consider and report on specific mandate;
- Each House established a Committee on Appropriations to consider and report on specific mandate;
- Standing rules and House resolutions also provides additional functions to committees further to those stipulated in the Money Bills and Related Matters Act; including consultation between two Houses finance committees;
- The Committee has previously invited various provinces to provide an overview of their fiscal situation;

Finance Committee- Budget Review (February)

Finance Committees to consider and report on the following:	Appropriations Committees to consider and report on the following:
<p>Macroeconomic policy and fiscal policy:</p> <ul style="list-style-type: none"> a. Chapter on Economic Overview b. Chapter on Fiscal Policy c. Chapter on Revenue trends and tax proposals d. Chapter on government debt and contingent liabilities; e. Chapter on financial position of public–sector institution 	<p>Spending issues:</p>
<p>Fiscal framework, revised fiscal framework, Bills and amendments thereto:</p> <ul style="list-style-type: none"> a. Chapter on Fiscal Policy b. Chapter on Revenue trends and tax proposals c. Chapter on government debt and contingent liabilities; d. Chapter on financial position of public–sector institutions 	<p>Division of Revenue Bill, Appropriation Bill, Supplementary Appropriation Bills, Adjustments Appropriation Bill, and amendments thereto;</p>
<p>Actual revenue published by the National Treasury:</p> <ul style="list-style-type: none"> a. Chapter on Revenue trends and tax proposals b. PFMA Section 32 reports (monthly) and c. Take into account: <ul style="list-style-type: none"> • Tax expenditure statement (Appendix • Additional tax policy and administrative adjustments 	<p>Recommendations of the Financial and Fiscal Commission, including those referred to in the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);</p>
<p>Any other related matter set out in the Act.</p>	<p>Reports or statements on actual expenditure published by the National Treasury</p>

Finance Committee Medium Term Budget Policy Statement(October)

Finance Committees	Appropriations Committees
<p>Current year revised fiscal framework and the proposed fiscal frameworks for the next three financial years:</p> <ul style="list-style-type: none"> a. Chapter on Economic Overview b. Chapter on Fiscal Policy 	<p>Spending priorities of national government for the next three financial years</p>
<p>Explanation of the macro-economic and fiscal policy position, the macro-economic projections and the assumptions underpinning the fiscal framework:</p> <ul style="list-style-type: none"> a. Chapter on Economic Overview b. Chapter on Fiscal Policy c. Also take into account: <ul style="list-style-type: none"> - Fiscal Risk Statement 	<p>Proposed division of revenue between the spheres of government for the next three financial years</p> <p>Proposed substantial adjustments to conditional grant allocations to provinces and municipalities, if any</p> <p>Review of actual spending by each national department and each provincial government between 1 April and 30 September of the financial year in which the statement is tabled</p>

Money Bills or fiscal instruments	Concept Explanation
Economic Overview	Government analysis and description of the international, regional and South African economic situation at a give point in the fiscal year. The analysis is intended to provide the understanding of the assumptions and global factors (including policies) or activities that underpins the international and domestic economic performance; and further provides explanation or potential implication for the fiscus.
Macroeconomic Policy	Government economic strategy intended to provide an understand and influence the overall function of the economy. Macroeconomic objectives include, full employment, sustainable economic growth, price stability, balance of payment, fair distribution of income. Macroeconomic policies include taxes, government spending and borrowing, exchange rate determinants, and monetary and credit rules and policies.
Fiscal Policy	One of the policy instruments available for government to realise macroeconomic objectives. Government' deliberate actions to influence the economy by changing the levels of government expenditure, taxation and borrowing and debt levels.
Fiscal Framework	Shows government expression of the fiscal policy over the three year government planning cycle. Showing estimated government expenditure, revenue, borrowing, interest and debt service charges and contingency reserve;
Monetary Policy	Also one of the policy instruments available for government to realised some of the macroeconomic objectives. It entails short term stabilising measures taken by the central bank to manages the size and growth rate of the money supply in an economy.
Revenue and Tax proposal,	Government income raised using tax policy and other measures; Revenue and tax proposals forms part of fiscal policy which is also intended to realise some of the macroeconomic objectives.
Tax Expenditure	Government tax deductions or allowances, and tax incentives given to corporate taxpayers to encourage investments or absorbed more labour forces and other

PBO work in support of the Finance Committee

PBO Outputs	Description of the Output
Pre-Budget and Pre-MTBPS briefs	Provide analysis to Parliament about the status of the economy and public finance and government performance before the presentation of the National Budget (February) and Medium Term Budget Policy Statement (October);
Budget and MTBPS analysis	Subsequent to the presentation by the Minister of Finance and before Parliament adopt or amend or reject the budget and MTBPS proposals, the PBO provide analysis on economic and fiscal issues to be taken into account;
Policy Analysis on National Development Plan-	Several analyses on the implementation of the National Development Plan, vision 2030 (NDP) in terms of content, context and progress made with the implementation.
Quarterly Economic and Fiscal Briefs	Quarterly Economic Brief, the PBO provide parliament with an analysis of the economic outlook as the economic performance affects public finances outlook. Fiscal Brief appraise MPs on the status of the government's performance in relation to the budget allocated, and these updates are given within six months (pre-MTBPS) of the financial year and just after the end of a financial year.
In-year revenue forecast and Forecast Audits	In-year revenue forecast, within the first six months of the financial year, PBO provide an estimate of whether government revenue targets for that year will be realised. The PBO estimates are based on historic trends and including first five months of the year's outcomes being forecasted. Forecast Audits, annually provide an analysis of the government growth estimates. This analysis gives indications of the likelihood of realising forecasted growth given historic performance of the forecasts.
Briefs on Taxation and Revenue Matters	On request from finance committees, PBO provide an analysis of taxation proposals made during the budget reviews.
Research and Analysis Requests from Committees	During the financial year Committees may request an analysis on a particular issue with public finance implication. E.g., Votes budget analysis, SOEs financial analysis, Electricity generation technology choices: Costs and considerations, Public Sector Wage Bill, Free Fee HE Costing Analysis, Business incentives for development

PBO-2019 Pre-MTBPS briefing- 29 October

- Macroeconomic overview
- Debt, credit ratings and update on fiscal risk
- Quarterly Economic Brief
- Fiscal Brief (National and Provincial level)
- Key issues in the 2019 revenue and tax proposals
- Local government Financial Position – MFMA Sec 71 Report
 - Summary of Local government Revenue and Expenditure
- 2018 Municipal Finance Management Act AGSA Audit Outcomes-
 - Analysis of key challenges
 - Key findings and recommendations

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Thank you