25 August 2020

**ISSUES AND QUESTIONS FOR POSSIBLE CONSIDERATIONS FOR THE FINANCIAL AND FISCAL COMMISSION (FFC)**

1. **Introduction**

The brief provides a list of issues and questions for possible considerations during the deliberation with the Financial and Fiscal Commission (FFC) on its Submission on the 2021/22 Division of Revenue. This is part of the Money Bills Amendment Procedures and Related Matters Act (2009, as amended).

1. **Summary of Key Themes in the Submission**

* Intergovernmental Fiscal System in the Context of Social Services
* Economic and Social Development in the Context of Covid-19
* Sustainable Financing of South Africa’s Public Health Care System and National Health Insurance
* Putting the Last First: Vulnerability and Access to Quality and Inclusive Social Services

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| **Issues and Questions for Possible Considerations**   * On slide 5 the FFC argues that an unprecedented fiscal and monetary policy interventions will be required to boost the South African economy to its pre- Covid-19 growth trajectory: * Beyond the interventions that National Treasury and South African Reserve Bank has taken in response to the COVID-19 induced economic crisis, is there enough scope for unprecedented policy interventions? * Is there is enough scope for further monetary and fiscal interventions, how should these interventions supposed to look like and do they possibly include quantitative easing? * On slide 15, one of the findings suggest that there is lack of clarity on the division of responsibilities for concurrent functions and this create tensions in the delivery of social services: * This is very concerning because the Intergovernmental fiscal relations system has been in place for a long time * On slide 15, another finding suggests that the Intergovernmental Relations (IGR) structures for coordination, good governance and improved delivery are ineffective: * Why are these structures ineffective and how could they be improved? * Slide 16, on the finding that suggests that there is insufficient credible data available to enable systematic and holistic evaluation of social services performance: * Is the holistic evaluation of social services performance not the role of the Department of Performance Monitoring and Evaluation (DPME) together with Statistics South Africa? * On slide 25, the FFC recommends that South Africa puts emphasis on structural changes in the economy: * Whilst various role players have mentioned the importance of structural changes in the economy, perhaps the FFC could be more specific about what is meant by structural changes in the economy. * On slide 31, regarding the motivation for a greater need for the sustainable and affordable universal access to quality health care services through the National Health Insurance Bill: * There has been intense debates about the cost and affordability of the National Health Insurance, what is the view of the FFC in this, especially given the financial stress caused by COVID-19? |

**Source:**

FFC (2020) *Submission for the 2021/22 Division of Revenue,*