



Submission on the 2021 Appropriation Bill

Committee on Appropriations | May 2021

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Introduction and Presentation Focus

- This submission was prepared by the Public Service Accountability Monitor (PSAM). PSAM forms part of the School of Journalism and Media Studies at Rhodes University, Makhanda. PSAM's activities include research, monitoring, advocacy and capacity building.
- Social accountability places an explicit duty on members of the executive arm of governments, public officials and private service providers to justify their decisions and performance regarding the manner in which their use of public resources has affected the progressive realisation of socio-economic rights.
- Contributing to strengthened oversight over public resources by Parliament and the provincial legislatures constitutes an important aspect of the PSAM's objectives.
- This submission presents a slight departure from previous inputs to this and other committees on appropriations in **that it places greater emphasis on both the budget process and the budget oversight work of parliament and the legislatures**. The submission proposes some mechanisms by which the limitations of participation can be addressed.

Budgeting under Pressure: Improve Participation and Transparency

- In recent years, decision-making processes by the executive in relation to public finances has come under close scrutiny. Concerns have been raised by various civic actors about the regressive nature of fiscal policy resulting from closed and unresponsive budget processes.
- However, the role of Parliament and its ability to *effectively* draw on the voices of the public and civil society has come under scrutiny. Various civil society coalitions and organisations have characterised the legislatures' performance as ineffective and - at times - opaque.
- There is a growing call from civil society for improved oversight and consideration of inputs made by the public during these processes. These concerns are reiterated in this submission. The PSAM supports these calls not only to increase the space for public input on fiscal policy and oversight but for the development of progressive mechanisms by which the public can contribute in advance of budget decisions being taken and receive timely feedback.

- Ensuring meaningful public participation is a fundamental component of developing responsive, rights-based fiscal tools. The link between the budget and human rights is supported by various international and local standards
- **Section 195 of the South African Constitution places an obligation on the state to ensure that members of the public are included in the formulation and implementation of policy.** For these decisions - there are various points within the budget cycle in which the executive can be held to account and obliged to explain and justify the use of public resources in the ways chosen.
- While questions of allocation and expenditure are important - greater emphasis should be placed on public participation and scrutiny throughout the entire fiscal cycle.
- **The PSAM urges the legislatures to proactively foster public participation in the formulation, implementation and evaluation of fiscal policy and budgets themselves**

- On 30 April 2020, the International Budget Partnership (IBP) released the outcomes of the 2019 OBS. South Africa's transparency scores in the OBS were the highest of all countries, at 87 out of 100. **Public participation in the budget process, however, received a dismal score at 24 out of 100.** This indicator measures the formal opportunities offered to the public for meaningful participation in the different stages of the budget process, including the legislative process.
- **In relation to oversight, South Africa scored 83/100.** The oversight indicator examines the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they provide oversight; each country is scored on a scale from 0 to 100 based on 18 equally weighted indicators.
- **Transparency alone is insufficient for improving governance. Inclusive public participation is crucial for realising the positive outcomes associated with greater budget transparency.**

Ways by Which Parliament Can Strengthen Transparency for More Equitable Outcomes

- There are multiple ways in which Parliament itself can foster greater transparency in order to buttress the developmental agenda;
 - Call for sector budget transparency
 - Call provincial treasuries to ensure timely reporting of expenditure at the subnational level
 - Push for state-wide open data publication and reporting as well support for the development of open fiscal data

Ways by Which Parliament Can Strengthen Transparency for More Equitable Outcomes

- Collaboration with civil society and academia has the potential to support innovation to address some of the problems listed above.
- The National Treasury's collaboration with civil society to develop an online, open access database of geospatial infrastructure data to complement the publication of open budget data via Vulekamali is an important enabler of oversight.
- The database provides data on approximately 17 000 public infrastructure projects (schools, hospitals, boreholes, libraries etc). This is in addition to the publication of budgeted and actual expenditure data by province, department or programme dating back to 2016/17.
- However - data is only useful if it is used. Parliamentary Committee researchers should utilise this data to complement the research and oversight duties particularly where undertaken physical oversight visits to thousands of facilities across the country is impractical.

Ways by which Parliament can strengthen public participation

- Presently, members of the public are able to, through the Appropriations Committees and others, raise issues of concerns and in theory influence deliberations of the committee which in turn could propose amendments to the budget.
- The influence of the public on committees in this regard and of committees themselves on the budget has been limited at best.
- And despite the powers of amendment afforded to Parliament by the Money Bills Amendment Procedures and Related Matters Act - it is notable that no amendment proposals have been tabled since the Bill's introduction.

- The PSAM recommends that the Committee engages Parliament's Public Education Office (PEO) to develop concurrent public education and participation mechanisms specifically targeting greater public knowledge of and more informed engagement with the Appropriations and related committees.
- This can be done by incorporating the three processes:
 - **Improve Access to Information**
 - **Strengthen Public Education**
 - **Participation mechanisms**

More on Participation mechanisms

- **Public participation offices** - these can provide a point of contact for citizens to get information, share concerns and submit proposals.
- **Ad-hoc Meetings or Workshops with Civil Society Organizations** - Parliament can establish partnerships with civil society and community-based organisations to receive briefings or workshops hosted by these organisations on their area of expertise, so as to build Parliamentary skills and knowledge on a particular subject.
- **Focus Groups** - Parliamentary committees can arrange facilitated discussions with demographically diverse focus groups on specific legislative proposals. These can help highlight the public's main concerns in relation to the issue at hand and gauge public opinion on proposed reforms

Recommendation on spending efficiency

- The South African health and education systems in particular continue to reflect high levels of inequality. The least advantaged are heavily dependent on a heavily strained public health sector while the wealthiest access private health services.
- The ability to assess the extent to which the health and education systems are meeting the country's needs to reverse historical injustices and set the country on a trajectory to meet the Sustainable Development Goals (SDGs) is partly influenced by the ability to effectively track *how* and *where* resources are actually spent.

The Committee could request National Treasury to:

- Provide detailed, disaggregated information in the budget estimates within the administrative and functional classifications for health and education at the provincial levels
- Improve the use by provinces of websites and portals such as www.vulekamali.gov.za to share this information in machine-readable, open data formats that facilitate uptake and use by civil society.
- Ensure that disaggregated budget information indicates proposed, approved, and actual spending using consistent formats to allow the comparison of expenditures across the budget cycle – including transfers for sector spending through extrabudgetary funds

The Committee could request National Treasury to (*cont.*):

- Explain the links between policies, budgets, and performance
- Provide strong performance frameworks with indicators, targets, and outcomes, linked to public spending that allow the tracking of funds against performance targets
- Include more comprehensive performance reporting frameworks in budget documents and provide clear explanations of the links between policies and budgets, between budgets and actual spending and, finally, between spending and results.

Procurement: failures and impact of social sectors

- According to the World Bank, **public procurement is a necessary strategic development instrument to promote good governance** and to embed the effective and efficient use of public resources, which ultimately results in higher levels of service delivery.
- Given the ever-increasing focus on sustainable development, **the role and focus of public procurement has evolved from a predominantly technical and administrative process** to a series of processes built around efficiency, transparency and accountability in using public resources.
- In pursuit of better development outcomes and economic growth, **sound public procurement and management of contracts are essential.**

- During a moment of crisis reliance on procurement may increase in order to meet or respond to unexpected needs. This was the case in March 2020 when the country went into lockdown due to the Coronavirus pandemic.
- In order to meet the envisioned need for personal protective equipment (PPE) and other resources needed to prepare the public sector to deal with the virus - National Treasury issued an Instruction Note 8 of 2019/20 which relaxed public procurement measures in order to deal with the state of disaster.
- This measure was to speed up the procurement of goods/ commodities required to reduce and control the spread of the virus.
- This urgency was however met with opportunism which resulted in President Ramaphosa tasking the Special Investigations Unit (SIU) with investigating irregular expenditure on COVID-19 procurement practices.
- This included procurement and provision of contracts for PPE, construction funds, infrastructure development, food parcel delivery, ventilators and disinfecting equipment.
- **According to a SIU briefing on 19 August, more than R5 billion in questionable COVID-19 tenders were being investigated.**

- Based on the importance of procurement practices in the provision of services to the public sector and the delivery of socio-economic rights, Parliament has an obligation to ensure that National Treasury and the Office of the Chief Procurement Officer make procurement and spending information publicly available.
- Pertaining to the process of the Draft Procurement Bill, we would like to encourage the committee to urge the Treasury/OCPO to communicate about progress - in addition to the broader reform questions.

THANK YOU