



BUDGET ANALYSIS FOR EFFECTIVE FISCAL OVERSIGHT: *A TRAINING WORKSHOP FOR THE STANDING COMMITTEE ON APPROPRIATIONS*

Date: *Tuesday, 7 February 2012*

Time: *10h00-16h00*

Venue: *Committee Room S12A, NCOP Wing, Parliament*

Background

The budget is the single most important instrument of social and economic upliftment Government has at its disposal. Every year the budget provides a comprehensive snapshot, from a “whole-of-government” perspective, of the Executive’s policy and spending plans over the medium term. The role of Parliamentary Committees in appropriating the budget and exercising oversight over the efficiency, effectiveness and equity in its execution cannot be over-estimated. The Money Bills Amendment and Related Matters Act of 2009 has placed even a greater emphasis on this fiscal oversight role, not only for finance and appropriations committees, but for **all** parliamentary committees.

Unfortunately, the terminology and concepts around fiscal policy and public finance management underpinning the budget is often very technical and can be quite intimidating. Furthermore, the budget is the product of a 18 month process of protracted negotiations across the three spheres of government as well as public entities and other organs of state. Yet parliamentary committees have very tight timeframes in which to exercise their fiscal oversight responsibilities. Because of this adequate preparation and the necessary oversight skills are critical.

Training workshop outcomes

This workshop will review and analyse the Medium Term Budget Policy Statement of October 2011 to identify issues which may be relevant for the 2012/13 Budget. This will also be an opportunity to ensure that all Members of the Standing Committees on Appropriations have a common understanding of fiscal and budget analysis concepts, their role in fiscal oversight and the main pieces of budget documentation (e.g. the Budget Review, Division of Revenue Act and the Estimates of National Expenditure

By the end of this workshop, participants will be able to:

- Explain and apply key fiscal policy and budget analysis concepts used in budget-related legislation and budget documentation.
- Understand what is the fiscal framework is, what influences the fiscal framework and why it is important.
- Understand the "division of revenue" and how this impacts on the three spheres of government.
- Apply fiscal and budget analysis concepts to Budget Review and Recommendations Reports and to scrutiny of departmental appropriations.

Budget Analysis for Effective Fiscal Oversight: A Training Workshop for the Standing Committee on Appropriations

TIME	TOPIC	LEARNING OUTCOMES
10:00 - 11:20	Economic outlook: macroeconomic assumptions and how they influence the fiscal framework	How does the economy (global and domestic impact on fiscal policy and the budget? And how does fiscal policy impact on the economy and on individual households? How relevant are the assumptions in the Medium Term Budget Policy Statement still? What is the fiscal framework? What are the relevant documents? What are the terminologies and what do they mean? What are fiscal rules and what are their pros and cons?
11:20 - 11:30	TEA	
11:30 – 13:00	Division of Revenue	What is the Division of Revenue Act? Why do we need a division of revenue? What do we mean by an “equitable” division of revenue? What are unfunded mandates? What are conditional grants? How should a good conditional grant be designed? What are the typical implementation problems of conditional grants and how can they be avoided?
13:00 – 13:30	LUNCH	
13:30 – 14:45	Individual departmental appropriations: Budget Review and Recommendations Reports	Legislative requirements and good practices in oversight
14:45 – 14:55	TEA	
14:55 – 16:00	Individual departmental appropriations: Budget Review and Recommendations Reports	Legislative requirements and good practices in oversight