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## Money Bills Amendment Procedure and Related Matters Act 2009

- Objective: to provide for procedure to amend money bills before Parliament and for norms and standards for amending money bills before provincial legislatures and related matters
- This gives effect to section 77(3) of the Constitution *“All money Bills must be considered in accordance with the procedure established by section 75. An Act of Parliament must provide for a procedure to amend money Bills before Parliament”*
- Section 15 of the Act establishes a Parliamentary Budget Office

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## Objective of the PBO (section 15 (1) of Act)

- To provide independent, objective and professional advice and analyses to Parliament on matters related to the budget and other money bills
- To support the implementation of the Money Bills Act by undertaking research and analysis for the committees referred to in section 4, including:
  - reviews and analysis
  - advice and analysis on proposed amendments
  - reports tabled and adopted in a House with budgetary implications
  - abreast of policy debates
  - unfunded mandates

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## Preparations for PBO Establishment

### **First phase:**

- establishment of the Finance and Appropriations Committees
- process of considering and adopting the Fiscal Framework
- process of compiling Budgetary Review and Recommendation Reports(BRRR)
- the response by the Minister of Finance to these recommendations at the tabling of the budget

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## Preparations for PBO Establishment

### **Second phase:**

- Study visits
- Research
- Seconded specialist

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## Fiscal oversight

- Fiscal oversight is a function performed by legislatures to promote wise stewardship of public resources and efficient service delivery
- Involves Legislature oversight of following key areas:
  - Government expenditure
  - Government borrowing
  - Tax
  - Regulation

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## Fiscal Oversight

2 imperatives for Legislature oversight:

- Fact that country's budgeting system is key for attaining objectives
- Economic success depends on ability of Govt to employ limited resources with maximum effect

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## Fiscal Oversight

Budget systems have 3 basic functions:

- Maintain fiscal discipline
- Ensure “allocative efficiency” i.e. resource allocation in line with govt priorities
- Promote “delivery efficiency” – which means the least-cost provision of public services

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## International Trends

- Internationally, there has been a growth in the number of independent Parliamentary Budget Offices, due to the emergence of more democratic governments and the subsequent rise in multiparty forms of government
- Legislatures generally lack technical, analytical capacity and information
- Limited Legislative oversight often leads to poor fiscal outcomes
- PBOs have improved legislators ability to interpret, review and make better decisions on Budget process
- Recommend that more assertive parliaments need more expert staff to meet their greater information needs
- Research on the impact of newly established PBOs show most had “improved legislators’ ability to interpret, review and make sound judgments related to the budget”

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## What do PBOs do?

- evidence-based budget analysis
- economic forecasts
- fiscal projections
- examine proposals
- impact of alternative spending policies

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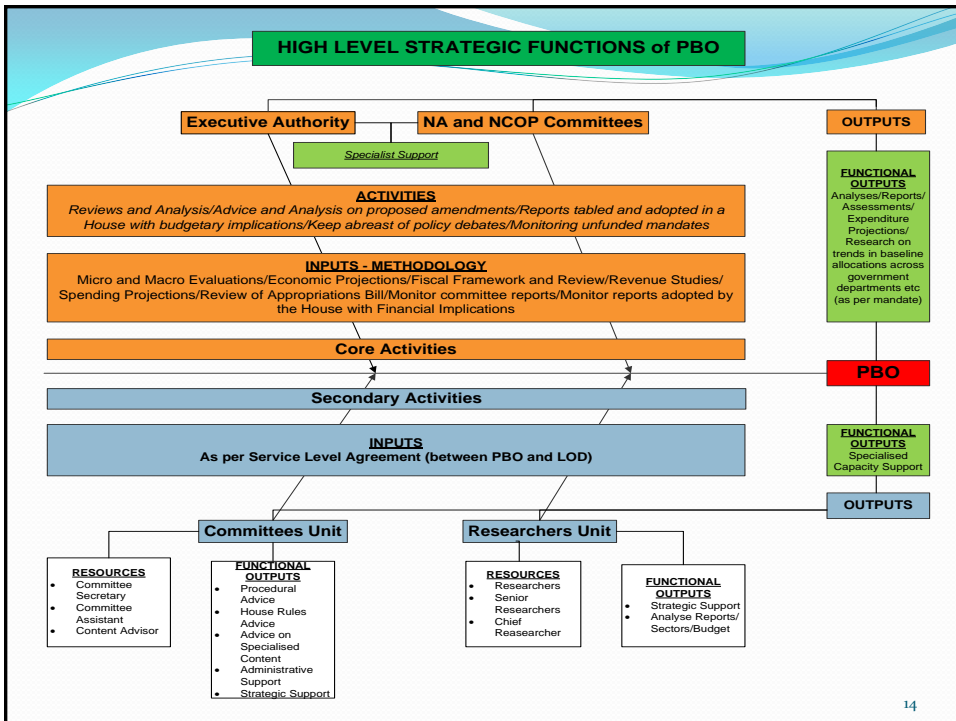
## Lessons for SA PBO

- Budget transparency (Parliament & Civics)
- Enhance credibility of budget process
- Increase accountability
- Discipline in public spending
- Capacitate Parliament to exercise oversight functions

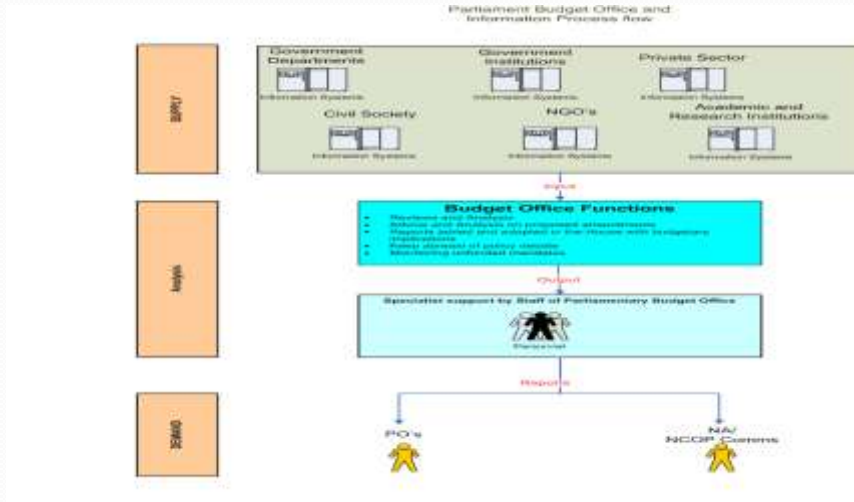
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# PBO Functions Defined

	Economic Stream	Public Finance Stream	Public Policy Stream
Functions	<ul style="list-style-type: none"> <li>• Macroeconomic evaluation</li> <li>• Economic projections</li> <li>• Tax review and analysis</li> <li>• Fiscal Framework review and analysis</li> <li>• Provide advice of proposed amendments to the Fiscal Framework</li> <li>• Fiscal projections</li> <li>• Revenue studies</li> </ul>	<ul style="list-style-type: none"> <li>• Microeconomic evaluations</li> <li>• Spending trends review and analysis</li> <li>• Spending projections</li> <li>• Baseline studies</li> <li>• Provide advice and analysis on proposed amendments to the DOR Bill and the Appropriation Bill</li> <li>• DOR Bill review and analysis</li> <li>• Appropriation Bill review and analysis</li> <li>• Monitor legislative proposals with financial implications - Bill costing</li> <li>• Monitor reports adopted by the Houses with financial implications</li> <li>• Monitor committee reports adopted by a House with financial implications</li> </ul>	<ul style="list-style-type: none"> <li>• Policy analysis</li> <li>• Policy implementation analysis</li> <li>• Outcomes analysis vs spending trends</li> <li>• Monitor policy proposals with financial implications</li> <li>• Monitor policy debates and development in key expenditure and revenue areas</li> <li>• Policy Evaluation</li> </ul>

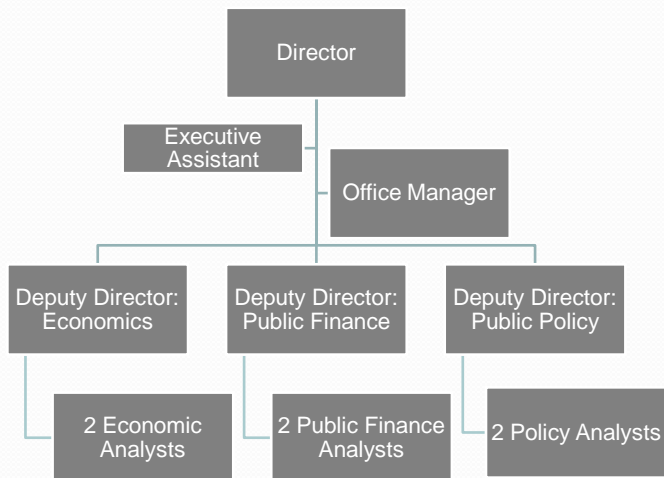


## Interface with external stakeholders



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## Organogram



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