



Thursday, 04 October 2018

RE: SUBMISSION ON PROPOSED AMENDMENTS TO THE MONEY BILLS AMENDMENT PROCEDURE AND RELATED MATTERS ACT OF 2009

ATT: HON C DE BEER, CHAIRPERSON OF THE SELECT COMMITTEE ON FINANCE

C/O: MR ZOLANI RENTO

Dear Honourable Chairperson and Members,

The present submission follows from an earlier submission on this legislation that was presented in the original public hearings of 2 August 2017. Unfortunately, I will not be able to make an oral presentation to the committee in this instance, but I trust that the comments below will be considered.

Submission

Although I will not list them here for the sake of brevity, a number of alterations to the original version have improved the Bill and those are to be welcomed.

Furthermore, the recommendation of the Standing Committee on Finance for a subsequent amendment process – addressing the outstanding matters of the process for revenue bills and facilitation of greater public participation – is also welcome.

However, there remain two major concerns with the current draft legislation:

- 1. The draft proceeds with the intention to shift certain responsibilities for the Parliamentary Budget Office (PBO) from the committees to an advisory board** composed only of the four chairpersons of finance and appropriations and two house chairpersons. I will simply repeat here what was said in my original written submission:

The proposal to replace the role of committees in overseeing aspects of the PBO's functioning with an advisory board is of concern. That concern is compounded by the change that would allow the proposed advisory board to appoint an acting director.

The practical reality is that all six of the positions on the proposed board are currently held by one political party, making this proposal incompatible with the non-partisan role the PBO is expected to play. Furthermore, the

advantage of the committees playing this role is that the PBO would account in the public domain, much as other independent institutions do. The fact that an advisory board-type arrangement has been used to date does not make the proposal any more credible. It should be scrapped.

If the concern is that the four committees playing this role is impractical, there are many alternatives that include cross-party representation as opposed to the current proposal.

It is perhaps worthwhile to restate a general point: institutions must be designed to be robust to a range of political circumstances. It is not difficult to envisage circumstances under which the role of the advisory board, as contained in the amendments, could be abused.

2. The new version of the Bill reduces, via an amendment to s6(5) of the Act, the time allocated to oversight of the fiscal frameworks in the Medium Term Budget Policy Statement (MTBPS) from 30 days to 15 days. This is problematic for a number of reasons.

First, it contradicts the recognition in the hearings, deliberations and SCoF report, that *more* time is needed for oversight and public participation.

Second, this appears to be a case of the tail wagging the dog. As a matter of practice, rather than of law, the committees had incorrectly followed the allocation of 9 days – s12(7) – for the revised fiscal framework in the Adjustments Budget when dealing with the MTBPS. The fact that these are traditionally tabled at the same time is incidental and the one should not influence the other, but the amendments now formalise a problematic practice instead of correcting it.

Third, in discussions with National Treasury there had been a suggestion that oversight and meaningful public participation would be best enhanced via greater engagement with the MTBPS rather than the Budget per se, because in-year amendments are much more challenging than phased-in changes. The reduction in time for oversight of the medium-term fiscal frameworks, which are at the core of fiscal policy, directly contradicts this sentiment.

Yours sincerely,

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