



ORAL PRESENTATION- PSAM SUBMISSION ON THE MONEY BILLS AMENDMENT PROCEDURE AND RELATED MATTERS BILL

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Introduction:

- ❖ 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.
- ❖ PSAM values the opportunity afforded to us by the Eastern Cape Provincial Legislature to submit written comment and proposals on the draft Money Bills Amendment Procedure and Related Matters Bill.
- ❖ Public participation in processes relating to money bills at the provincial level has the potential to strengthen overall oversight and people-centred policy-making.
- ❖ On 30 April 2020, the International Budget Partnership (IBP) released the outcomes of the 2019 Open Budget Survey (OBS). The OBS is a biennial survey and is the world's only independent measure of fiscal openness.
- ❖ South Africa's transparency scores in the OBS 2019 were the highest of all countries, at 87 out of 100. Public participation in budget process, however, received a dismal score at 24 out of 100.
- ❖ Our primary submission relates to the need for mechanisms to be introduced into the Bill to support improved budget oversight and public participation in the budget process.

PSAM submission:

- ❖ We have been informed that we have 10 minutes allocated per speaker and will therefore ask that questions be asked at the end.
- ❖ The PSAM acknowledges the inclusion of public participation in the draft Bill. To allow for effective public participation, it is important that relevant materials or deliberations are promoted in at least two of the province's dominant languages.
- ❖ I would like to turn the participants attention to P7 and 8 of the PSAM submission:

Clause 7- Procedure prior to introduction of the Provincial budget

7(1)

- The PSAM proposes that clause 7 (1) be amended to include an additional criteria "h" for the assessing of the performance of each provincial department.
- The Legislature, through its committees, must annually assess the performance of each Provincial Department, with reference to (h) Quarterly statements of receipts and payments and quarterly provincial budgets and expenditure reports.

7(3)

- The PSAM proposes that clause 7 (3) be amended to include an additional criteria "d" to the requirements of the budget review and recommendation report.
- The a budgetary review and recommendation report, must- (d) be published on the Legislature's website within 7 days of tabling.

PSAM submission continued:

Clause 12 Public Participation

- ❖ As it stands, the current clause on public participation does not provide the ways in which the Budget Committee will seek representations from the public.
- ❖ Portfolio Committees play a vital role in facilitating public participation by providing forums such as public hearings for the public to air their views.

12 (1)

- The PSAM proposes that clause 12 (1) be amended to include an additional criteria's "12.1-12.4 and 2" outlining the methods the budget committee should use in seeking representation from the public when considering the economic and budgetary policies, Provincial appropriation Bill.
- The Budget Committee when considering the economic and budgetary policies, Provincial appropriation Bill and other money Bills should seek representations from the public by:
 - 12.1.1. conducting public hearings on the budget and revenue proposals and availing policy materials in accessible language(s) and formats;
 - 12.1.2 holding public hearings to engage the public on economic and budgetary policies;
 - 12.1.3 collaborating with the media and community radio stations to inform the public about opportunities to contribute to money bill considerations in the legislature; and
 - 12.1.4 Allowing the public sufficient time to submit written and oral representation. (for instance at least 30 days from the date of call for comment for the submission of written and oral representation on the Provincial Appropriation Bill).

PSAM submission continued:

12 (2)

- The PSAM proposes that clause 12 (2) confirm that such recommendations received **shall** be taken into account when the Budget Committee makes recommendations to the House.

Considering Money Bills during National and Provincial State of Disaster:

- ❖ Clauses within the PFMA provide guidance on financial management in emergency situations.
- ❖ Section 16 (4) obliges the Minister to account for decisions taken in this regard to Parliament and the Auditor-General within 14 days. Section 25 of the PFMA makes similar provisions for the allocation and expenditure of emergency funds at the provincial level from the Provincial Revenue Fund. In this instance, the relevant MEC for Finance is required to report to the Legislature and Auditor-General (s.25(4)). In both instances, the Minister or MEC must table this expenditure either in the next adjustments budget or in another appropriation within 120 days – whichever is sooner.
- ❖ Given the complexity of such arrangements – the PSAM urges the Legislature to incorporate clear provisions within the Bill for consideration of money bills during emergency contexts. In particular, it is suggested that the Legislature specify within the Bill exactly:
 - what level of reporting and accountability is required by the Finance MEC and relevant departments, including the regularity of such reporting;
 - what specific reporting details relating to the allocation and expenditure of emergency funds by the MEC and relevant departments; and
 - what mechanisms for receiving and considering public inputs on such emergency funds have been made available and how have these informed the allocation and expenditure of such funds?



5(1) The Budget Committee **examines** the draft budget policy statement presented to the House, evaluates budget estimates, economic and budgetary policies and programmes with direct outlays.

Clause 5 (1) should be amended to read as follows:
The Budget Committee must **consider** the draft budget policy statement presented to the House, evaluate budget estimates, economic and budgetary policies and programmes with direct outlays.

Clause 5 (3) must be amended to read as follows:
The Budget Committee must receive reports on budget[s] from portfolio committees and must -
(a)..... (b)..... (c) (d)
Publish these reports on the Eastern Cape Provincial Legislature website within 5 days of the house sitting



Clause 6(2) The Budget Committee must - (d) hold public hearings, receive comments from the public
In clause 6(2) (d), the Bill mentions that the “the Budget Committee must hold public hearings, receive comments from the public”, but it is not clear how often these public hearings are held. Public hearings represent the most common form of public participation and are usually convened when Parliament or provincial legislatures seek to engage with the general public on a particular issue or a specific segment of the society which might be greatly affected by proposed legislation

Proposal for Revision: It is proposed that this clause be reworded and provide clarity on how often the public hearings will be held. These could be scheduled in March (before the tabling of the Provincial Budget), in July and in October (aligned with the tabling of the Provincial MTBPS).

Clause 15 Provincial Legislature Budget Unit

Budget Unit reporting process 1) A Head of Unit with the requisite experience, leaderships skills and qualifications to direct the affairs of the Budget Unit as required by Sections 15 (1) and (2) of the Act Clause 15 (4) outlines the need for collaboration between the Budget Unit and other research structures within the legislature.

While this is an important principle – it is not easily measurable or enforceable. In order to increase the strength of these relationships as a means of deepening the rigour with which committees provide budget oversight – there is a need for a clearer link between accountability/performance link.

Proposal for addition: Add a clause on the appointment of staff working in the Budget Unit with emphasis on the requisite financial and research skills. This must include an explicit clause pertaining to the competencies of research/content/advisory staff.

Add a clause outlining how reporting is done by the Budget Unit and to whom.

Add explicit mandated role of the Unit to provide content to committees.

Add a clause requiring the Budget Unit to publish its research reports