



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

2nd African Network of Parliamentary Budget Offices: 2017

PBO Governance Structures & International Experiences

Day 2: Session 1

Parliamentary Budget Office (PBO) RSA



5th DEMOCRATIC
PARLIAMENT

www.parliament.gov.za

Legislative Framework

The Constitution

OF THE REPUBLIC OF SOUTH AFRICA, 1996

As adopted on 8 May 1996 and amended

Section 77 of the Constitution

Money Bills

Money Bills

77. (1) A Bill is a money Bill if it—

- (a) appropriates money;
- (b) imposes national taxes, levies, duties or surcharges;
- (c) abolishes or reduces, or grants exemptions from, any national taxes, levies, duties or surcharges; or
- (d) authorises direct charges against the National Revenue Fund, except a Bill envisaged in section 214 authorising direct charges.

(3) All money Bills must be considered in accordance with the

Section 42(3) of the Constitution

The National Assembly is elected to represent the people and to ensure government by the people under the Constitution. It does this by choosing the President, by providing a national forum for public consideration of issues, by passing legislation and by scrutinizing and overseeing executive.



Legislative Mandate

- **Money Bills Amendment Procedure and Related Matters Act, no 109 of 2009, Money Bills Act**
 - The Act gives effect to sections 42(3) and 77 of the Constitution

Money Bills Act

Budget “rubber”-stamping
legislature

Adopt or reject the budget
tabled

Budget
amending
legislature

Money Bills Act transitioned Parliament of the Republic of South Africa from being a budget “rubber-stamping” legislature to a budget influencing & amending legislature.

The Parliamentary Budget Office provides the required technical capacity to give effect to the fiscal oversight capacity of Parliament of the Executive.



Constitution

Section 77:
Money Bills

Section 42(3): The National Assembly must scrutinize & oversee Executive action.

Act of Parliament

Money Bills Amendment Procedure & Related Matters Act, no 09 of 2009

Section 4: establishes & stipulates the legislated functions of the **Finance & Appropriations Committees** of Parliament.

4 x Committees: 2 Committees in the National Assembly & 2 Committees in the National Council of Provinces

Core & Primary legislated clients of the PBO RSA

Parliamentary Budget Office

In-house technical scrutinizing agent/office of Parliament established by Parliament to enhance the technical fiscal capacity of Parliament over the Executive



Parliamentary Committees serviced by the PBO

RSA

Standing Committee on Finance

Select Committee on Finance

Legislated Committees

Standing Committee on Appropriations

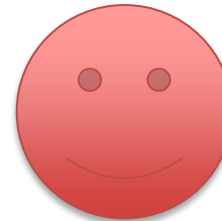
Select Committee on Appropriations

Other Parliamentary Committees

Public Enterprises: SOE's

*Higher Education
*Social Services

Other Parliamentary Committees Examples



Satisfied customers= value-adding support



Reporting & Accountability Lines

Executive Authority of Parliament

Speaker of the National Assembly (NA) & Chairperson of the National Council of Provinces (NCOP)

PBO Advisory Board

NA & NCOP House-chairpersons & the Chairpersons of the Finance & Appropriations Committees in both Houses of Parliament: 6 Members

Financial accountability re allocated budget

Director of the PBO

Secretary to Parliament

Allocates funds (budget allocation) to the PBO



Organisational & Functional Design

Money Bills Act

Core clients: Section 4 of the Act: establishes & stipulates functions of the Finance & Appropriations Committees of Parliament

Section 15(1) establishes the PBO and sub-section 15(2) establishes stipulates the functions /mandate of the Office

Director of the PBO RSA

Position established by 15(1) & 15(5) of the Act
Head of the PBO

Provides Strategic Leadership on technical and administrative matters

Policy Analysis

Deputy Director & Analysts

8/17/2017

Economic Analysis

Deputy Director &
Analysts

Finance Analysis

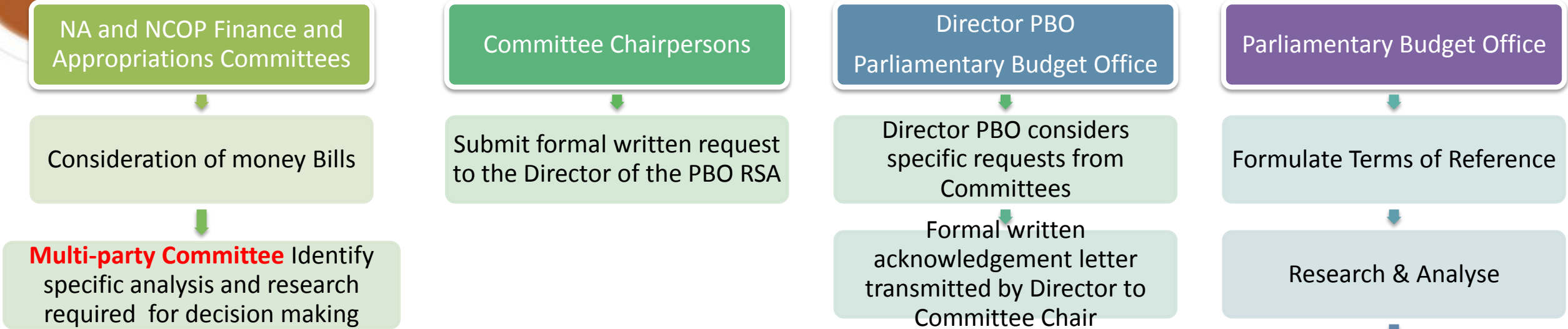
Deputy Director & Analysts

Corporate Services

3 staff

7

Service Delivery Workflow Method



Independent, objective and professional advice and analysis to Parliament on matters related to the budget and other Money Bills

Product Range	
1.	Budget Analysis Reports 1.1 Main Budget Vote 1.2 Medium Term Budget Policy Statement (MTBPS)
2.	Adjusted Estimates of National Expenditure analysis reports
3.	Briefs: Economic & Fiscal
4.	Policy Monitoring reports
5.	Demand-driven special reports coming from Committees

Services
The PBO provides <ul style="list-style-type: none"> • Fiscal, • Economic, • Policy advisory services
Workforce
Director 3 x Deputy Directors/Senior Analysts 5 x Analysts



Other important considerations

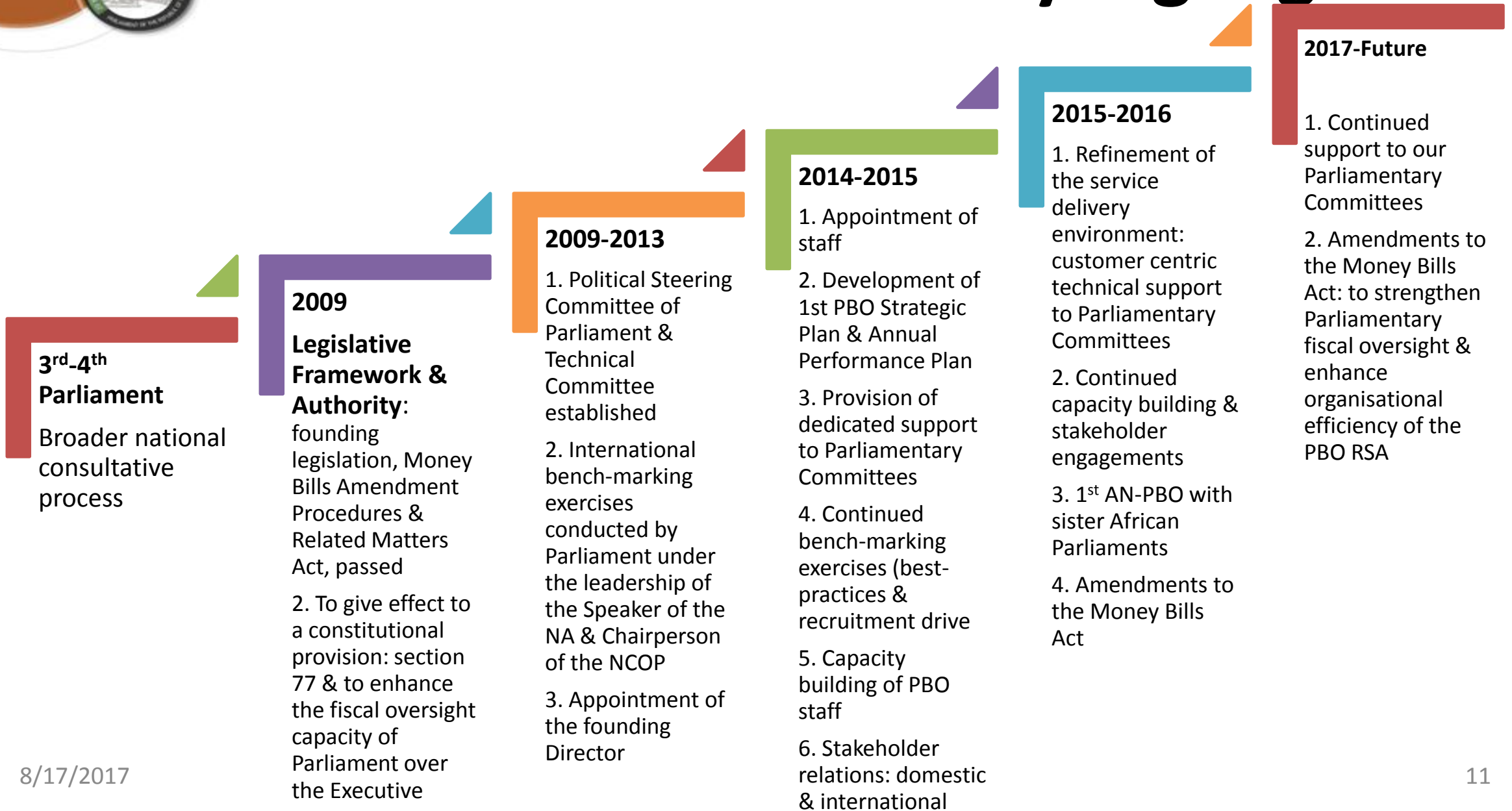
Build credibility through the work produced by the Office	Standard Operating Procedures	Relationship with Parliamentary Administration Services	External Stakeholder Relations	Capacity building interventions	Webpage/Website
<p>Provision of Value-adding & credible reports</p> <p>Be a Trusted source of authority</p> <p>Evidence-based research & advisory services is key</p> <p>Decode the technical jargon in a language MP's can understand</p> <p>Be prepared to take criticisms coming from MP's positively</p> <p>Gauge & assess the service delivery environment to improve your service</p>	<p>Development of standard operating procedures, process flows, performance standards etc. is key</p>	<p>Strong working relationship exists between the Director of the PBO & Secretary to Parliament & All business units of Parliament</p> <p>Cooperation with our fellow Researchers and Content Advisors, Committee support colleagues is important</p>	<p>Domestic/national</p> <p>Build Relations with key institutions such as National Treasury, Performance Monitoring & Evaluations department, Central Bank, Statistical collecting agency, Auditor General, Fiscal Commissions</p> <p>International</p> <p>Establish strong relations with other PBOs & other value-adding stakeholders</p>	<p>Continuous capacitation of PBO for upskilling purposes & to keep abreast of current development (not left behind)</p> <p>MP's should be capacitated through Parliaments Members Training unit, study tours & bench-marking exercises unit & through the technical work</p>	<p>To communicate the work of the PBO to the public, interested parties</p> <p>Branding & Marketing of the Office and the work of the office</p> <p>Peer-review mechanism</p> <p>Bench-marking tool from other offices/researchers</p>



ACCOUNTABILITY & COMPLIANCE ENVIRONMENT

FINANCIAL MANAGEMENT OF PARLIAMENT ACT	BUDGETING & FINANCIAL MANAGEMENT	PBO RSA STRATEGIC PLAN & ANNUAL PERFORMANCE PLAN	PERFORMANCE REPORTING	MONITORING & EVALUATION	AUDITING	PBO ANNUAL REPORT
<p>PBO RSA OPERATES ENTIRELY WITHIN THE PRESCRIPTS OF THE FMPA</p> <p>8/17/2017</p>	<p>PBO BUDGET REQUIREMENTS SUBMITTED TO PARLIAMENTARY ADMINISTRATION FOR INCORPORATION IN THE MAIN & OVERALL BUDGET OF PARLIAMENT</p> <p>BUDGET ALLOCATION IS FROM PARLIAMENT</p> <p>SINGLE FY BUDGET ALLOCATION</p> <p>SCM: PROCUREMENT ASSETS & LIABILITIES & OTHER FINANCIAL MATTERS</p>	<p>ALIGNED TO THE MONEY BILLS ACT & THE MAIN STRATEGIC PLAN OF PARLIAMENT</p> <p>MAIN PURPOSE TO SYSTEMATICALLY OUTLINE THE SERVICE DELIVERY ENVIRONMENT OF THE PBO</p> <p>CONTAINS ALL PERFORMANCE OUTPUTS AIMED AT SERVICING OUR CLIENT PARLIAMENTARY COMMITTEES</p> <p>DEVELOPED SINCE 2014 & REVISED ANNUALLY</p>	<p>EFFECTED MONTHLY BY THE PBO</p> <p>ALL PERFORMANCE OUTPUTS ARE TRANSMITTED TO PARLIAMENTS PERFORMANCE UNIT</p>	<p>PERFORMED MONTHLY BY PARLIAMENTS PERFORMANCE MANAGEMENT UNIT</p> <p>QUALITY ASSURANCE PERFORMED BY PARLIAMENTS</p>	<p>AUDITED BY PARLIAMENTS INTERNAL AUDIT DIVISION</p> <p>AUDITED BY THE OFFICE OF THE AUDITOR GENERAL SOUTH AFRICA AS PART OF THE OVERALL AUDIT OF PARLIAMENT</p>	<p>PRODUCED ANNUALLY BY THE PBO SINCE 2014/2015 FY</p> <p>IN COMPLIANCE WITH THE MONEY BILLS ACT</p> <p>10</p>

Evolution of the RSA PBO & key highlights





INTERNATIONAL EXPERIENCES

OBSERVATIONS/BEST PRACTICES/LESSONS/TAKE-HOME

1. Proliferation of PBO's:
emergence of new PBO's the world over
Federal, National, sub-national & supra-national level

2. Fiscal power of the Purse: Parliaments are clawing-back the fiscal oversight space

3. Broad National ownership:
political will
Parliament, Executive & society

6. Independent nature of PBOs: extent of organisational & functional independence

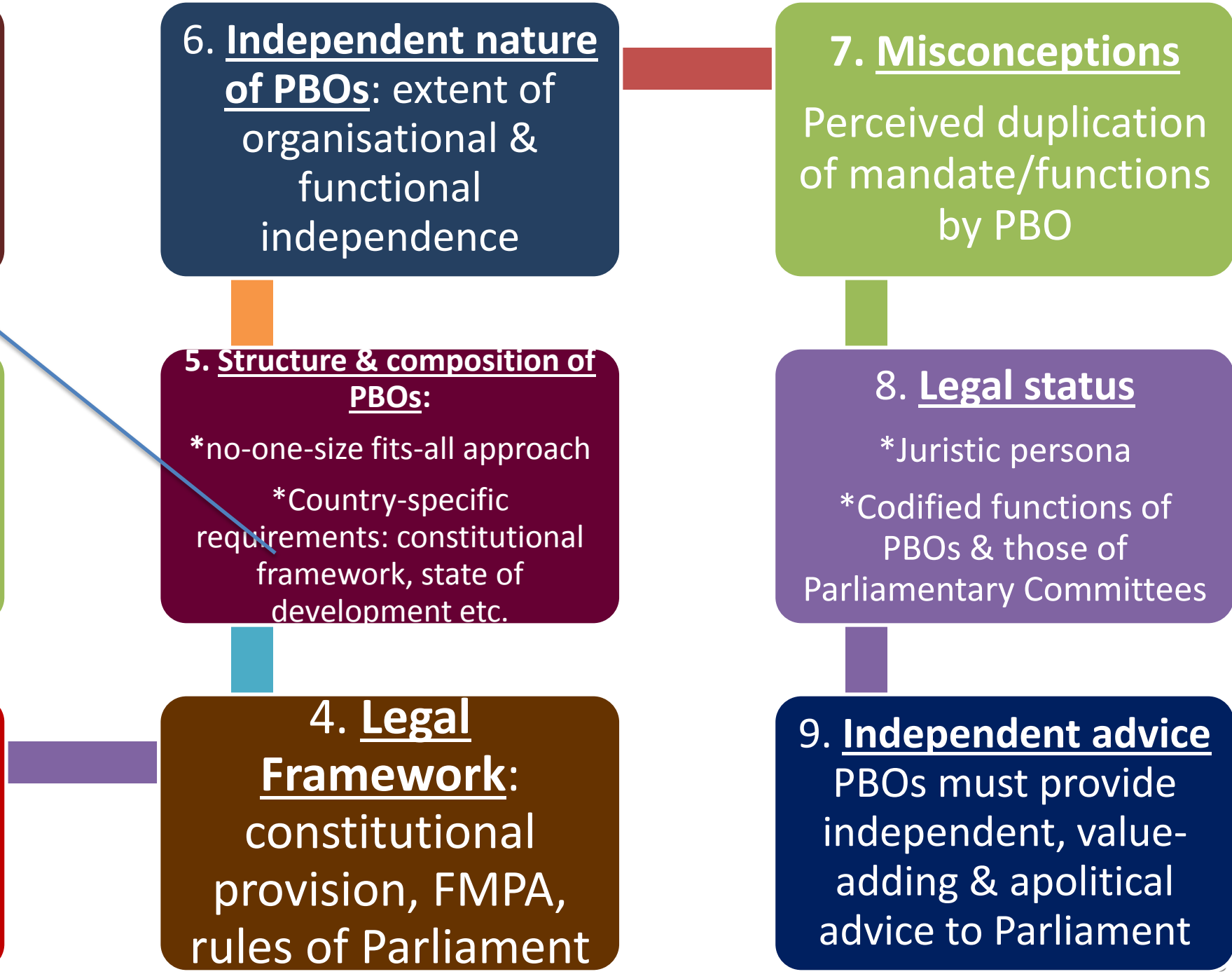
5. Structure & composition of PBOs:
*no-one-size fits-all approach
*Country-specific requirements: constitutional framework, state of development etc.

4. Legal Framework:
constitutional provision, FMPPA, rules of Parliament

7. Misconceptions
Perceived duplication of mandate/functions by PBO

8. Legal status
*Juristic persona
*Codified functions of PBOs & those of Parliamentary Committees

9. Independent advice
PBOs must provide independent, value-adding & apolitical advice to Parliament



1. Public participation in the budget process is critical & almost universal in nature

2. Capacity of MP's to engage rigorously in broader public finance issues is key to effective oversight

3. Fiscal/Public Finance oversight

Has become very scientific in nature. PBO's must provide the required technical support to Parliament in this regard

6. Adversarial relations between Parliament & the Executive are not conducive to the cohesion & effectiveness of the State

5. Public & the State must realise value-for-money for the appropriated budget

4. Responsiveness of the Executive is key to effective oversight

7. Access to data & information

PBO's must have access to timely access to data & information to provide the required support to Parliament

8. Technical proficiency of PBO staff is critical > capacitated MPs armed with valuable information > responsive & accountable Executive

9. Presentations of findings in Committees: PBO's must be allowed to present their work/findings in open Parliamentary Committee seating's

1. Head of PBO

- a. Position must be codified in legislation
- b. Level: Senior government level
- c. Requisite leadership & functional experience
- d. Codified ability to hire & determine the conditions of service of staff
- e. Accountability over the PBO budget

2. Annual work plans

Most if not all PBOs have an annual work

3. Benchmarking

exercises are key to international standardization & customization to the local environment

6. Timely Access to data & information

PBO's should built formal and informal relations

5. Oversight & accountability of the PBO is critical

Internal oversight within Parliament

4. Peer review and external evaluation of PBO

*From Other PBO's, retired PBO Heads/Officials/Panel of Experts

7. Communications & external relations

- *Webpage/website
- *Media Tracking: OBR, UK
- *In-house communications capacity: Spanish Fiscal Council
- *TV Interviews: Canada PBO. Head & Deputy Head do TV briefings in French & English

7. Organisational design

Staggered incremental staffing approach e.g. secondment of interim head & few staff members

9. Panel of Experts

Some PBOs have a panel of experts who are enlisted to provide external issue/sector specific technical support to PBOs

1. Multilateralism

*OECD Network for PBO's & IFI's

*World Bank Global Network of PBOs

*European Union Network of PBOs/IFI's

*African Network of PBOs

2. Multilateral institutions & other international institutions, academic institutions

Have relations or provide some form of technical/advisory support to PBO's

World Bank, IMF-Afritac, AWEPA, University of Ottawa in Canada & others

3. Complex nature of modern State Parliamentary oversight

Complex costing projects: Costing of Wars, USA Fiscal projectionsCBO & Canada PBO

: OBR & few other offices

Fiscal impact analysis: Social Grants in South Africa

Advanced policy analysis: alignment of NDP with MTSF, Departmental Strategic Plans

Forecast auditing: RSA PBO



Common Challenges Faced by PBOs

1. Lack-of-buy-in

By the Executive in most instances to the establishment of a PBO

2. Perceived duplication of mandate

Misunderstanding of the role of PBO leads some to believe that PBOs are duplicating the mandate of NT

Perceived waste of MONEY

3. Varied interpretations of the intention of legislation establishing PBOs > lack of cooperation

6. High-turnover rate of MPs

after general elections. Significantly large proportion of MP's making way into Parliament. Impact: PBO's have to start from the onset to induct & continuously orient new MPs.

5. Capacity of PBOs

- *Budget constraints
- *Personnel: Limited recruitment pool within countries from which to source PBO staff from

4. Constricted timelines in scrutinizing & analyzing the budget by Parliament.

Quick turn-around times often encountered by PBO's to provide analysis on burning emerging topical issues of national importance

7. Budget amending process: no codified guidelines/sop on how to practically

8. Relations between PBOs and their respective Parliamentary Administration Services

9. Credibility: PBOs must provide independent, evidence-based, value-adding & apolitical advice



End of Presentation

Thank You