



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA



English

# The Role of Parliament in the Budget Process

# The Role of Parliament in the Budget Process

## What is the Budget?

The budget is a key statement of government policy with a financial plan. Financial choices are made about competing priorities to ensure fiscal sustainability, allocative efficiency and value for money through this process.

## Main functions of the budget



The National budget is a public document and a key tool to hold government accountable;



Resources must be allocated to where identified priorities are; and



Spending, taxation and borrowing must support economic and social objectives.



# Where and when is the Budget tabled?

The budget is tabled by the Minister of Finance in the National Assembly in February every year, two weeks after the State of the Nation Address (SONA). Some of the bills tabled on the day by the Minister are:

01

**The Division of Revenue Bill** which specifies how the money will be divided among the three spheres of government for the coming year.

02

**The Appropriation Bill** which sets out how the money will be divided among national departments and state institutions.

03

**The Income Tax Laws Amendment Bill** which indicates the changes to the different tax laws so that the government can raise the income.





# The Role of Parliament in the Budget Process

## What is Parliament's role in the Budget Process?

Parliament is elected by the people to represent the people and therefore it authorises the executive to spend, tax and oversee executive action on behalf of the people of South Africa. Through effective oversight of the executive, South Africa can address poverty, inequality and unemployment, which are key objectives of the National Development Plan's Vision 2030.

**NB: The Budget is not just about numbers and statistics; the budget is about ensuring service delivery to the people.**

Parliament is mandated by:



Section 77 (3) of the Constitution of the Republic of South Africa, 1996 that states: "All money Bills must be considered in accordance with the procedure established by Section 75".



The money Bills Amendment Procedure and Related Matters Act of 2018 authorises Parliament to amend the budget.

## The Budget Process

The national and provincial budget process is a continuous cycle of four stages that runs for a financial year beginning in April and ending in March the following year.



# Budget stages

1

**Drafting:** Parliament influences this stage indirectly through its oversight work for example, through the Budgetary Review and Recommendation Reports (BRRRs). These reports require committees of Parliament to annually assess government performance and audit outcomes.

2

**Legislative process:** Parliament considers, debates and makes recommendations, before approving money and related Bills tabled by the Minister of Finance.

3

**Implementation:** Parliament will monitor how government departments and organs of state use their budgets.

4

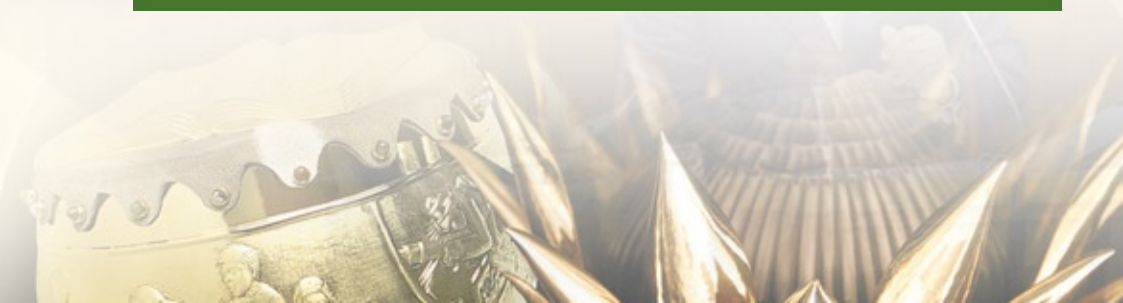
**Auditing and assessment:** At this stage, Parliament monitors spending and performance of government departments and organs of state for the financial year. Parliament considers:



Annual reports from the Auditor-General.



In-depth analyses and oversight reports by committees of Parliament e.g. Standing Committee on Public Accounts, Appropriations and Finance Committees.



# Budget Process in Parliament



## February:

After SONA - We have budget day which involves tabling of the National Budget Speech, Appropriation Bill, Division of Revenue Bill, Estimates of National Expenditure, Budget Review (any other tax amendment laws)



## May:

Deliberations, Consideration of the Provincial Negotiating Mandates and Final Mandates on the Division of Revenue Bill and adoption by the NCOP



## June – July:

National Assembly votes, passes the Appropriation Bill and refers it to the NCOP for deliberation and concurrence



## October:

Tabling of the Medium Term Budget Policy Statement (MTBPS), Fiscal Framework, Adjusted Appropriation Bill, Adjusted Estimates of National Expenditure, Adjusted Division of Revenue Bill



## March – April:

Deliberations and adoption of the Fiscal Framework and Division of Revenue Bill (conduct joint public hearings on Division of Revenue Bill) by Appropriations Committees, consideration and adoption by the National Assembly and referral to the NCOP for concurrence



## June:

Deliberations, conducting public hearings and adoption of the Appropriation Bill



## September:

Tabling of the Budgetary Review and Recommendation Reports (BRRR) as per Section 5 of the Money Bills Amendment Procedure and Related Matters Amendment Act 13 of 2018



## November:

Deliberations and adoption of Revised Fiscal Framework, Adjustment Appropriation Bill, Adjusted Estimates of National Expenditure, Adjusted Division of Revenue Amendment Bill





# Public Participation in the Budget

After the tabling of the Budget, the committees of Parliament on Appropriation and on Finance must conduct public hearings with relevant stakeholders. Submissions from stakeholders are received and considered by the committees. After the public hearings, the committees prepare a report and table it in the National Assembly that further scrutinises expenditure and revenue proposals.

## Did You Know?



A Bill is a Money Bill if it:

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

## Glossary of terms

**Appropriation:** is when money is set aside for a specific and particular purpose.

**Fiscal sustainability:** refers to the ability of government to sustain spending, tax and other policies in the long run without threatening government solvency or defaulting on liabilities or promised expenditure.

**Allocative efficiency:** ensures that resources are allocated where the need is greatest or where the utility (advantage or fulfilment from using the resources) is maximised.

**Surcharges:** is an extra fee, charge, or tax that is added on to the cost of goods or services, beyond the initial quoted price.



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