POWERS AND FUNCTIONS OF PARLIAMENT TO RESPOND TO OR AMEND MONEY BILLS AND REVENUE PROPOSALS

This infographic outlines the key processes and provisions contained in the Money Bills Amendment Procedures and Related Matters Act 9 of 2009 that allow members of parliament to set aside proposals that could negatively impact the state's ability to realise substantive equality and redress as set out in Section 9 of the Bill of Rights.

In particular – the focus is on provisions related to revenue proposals such as the 1% increase proposed for value added tax (VAT) by the Minister of Finance on 21 February 2018. What are the options for MPs to respond in a manner that upholds section 9 of the Bill of Rights which guarantees equality before the law and freedom from discrimination to the people of South Africa?

WHY WOULD PARLIAMENT AMEND A MONEY BILL?

Money bills are amended in order to implement decisions by the NA and NCOP about public finances. The Money Bills Amendment Procedure and Related Matters Act (Money Bills Act) places a duty on the Finance and Appropriations committees to hold public hearings regarding the fiscal framework and revenue proposals. Interestingly - this is the only instance in legislation in which a duty is placed on specific committees to undertake public participation, it signals the intention to ensure that public opinion is embedded in processes relating to public money.

Q: So what can the Standing and Select Committees for Finance do regarding a VAT proposal;

First - it's important to remember that the fiscal framework sets out where and on what govt will spend its budget. Part of that are revenue proposals that set out how government will raise the money needed.
1. They can accept or reject the tabled fiscal framework
2. They can either amend or accept the tabled revenue proposal

Q: Are there any requirements to be satisfied when amending revenue Bills and revenue proposals?

A: there are – for example ensuring that the total amount of revenue raised is consistent with the approved fiscal framework and the Division of Revenue Bill;

Q: What else?

A: it's also important to consider the principles of equity, efficiency, certainty and ease of collection as well as the impact on development, investment, employment and economic growth.

PROCEDURE PRIOR TO THE TABLING OF THE NATIONAL BUDGET

1

NA committees assess performance of national departments through;

medium term estimates, strategic plans, annual reports, financial statements and;

expenditure reports provided by National Treasury on departments performance as per Section 32 of the PFMA

2

Committees submit BRRRS for each department (after approprotions but before MTBPS in October);

BRRRS provide an assessment of departments' service delivery performance and;

may include recommendations on use of resources

3

The Minister of Finance must submit the MTBPS to Parliament;

at least three months prior to the induction of the national budget

each committee on finance/appropriations must, 30 days after the tabling of MTBPS, report to the NA/NCOP

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1. **OCTOBER** – MTBPS is Tabled
2. **FEBRUARY** – National Budget is tabled
3. NA and NCOP refer the fiscal framework and revenue proposals to their repective finance committee
4. Committee must conduct public hearings
5. Within 15 days, finance committees must submit a report* to NA and NCOP on fiscal framework and revenue proposals
6. If the NA/NCOP propose amendments; the Minister must be given at least two days to respond

*COMMITTEE REPORT MUST INCLUDE A CLEAR STATEMENT ACCEPTING OR AMENDING THE REVENUE PROPOSALS (SECTION 8 (5) OF THE ACT)

When amending the fiscal framework, a money Bill or taking any decision in terms of this Act, parliamentary committees must;

- ensure a balance between revenue, expenditure and borrowing;
- ensure that the cost of recurrent spending is not deferred to future generations;
- ensure that there is adequate provision for spending on infrastructure development, overall capital spending and maintenance;
- consider the short, medium and long term implications of the fiscal framework, division of revenue and national budget on the long-term growth potential of the economy and the development of the country;
- take into account cyclical factors that may impact on the prevailing fiscal position; and
- take into account cyclical factors that may impact on the prevailing fiscal position;

NA AND NCOP MUST ESTABLISH A COMMITTEE ON FINANCE

Powers of a committee on finance

* A committee on finance has the powers and functions conferred to it by the Constitution, legislation, the standing rules or a resolution of a house, including considering and reporting on

a) the national macro-economic and fiscal policy
b) amendments to the fiscal framework, revised fiscal framework and revenue proposals and Bills;
c) actual revenue published by Nationals Treasury; and
d) any other relted matter set out in this Act

NA AND NCOP MUST ESTABLISH A COMMITTEE ON APPROPRIATIONS

Powers of a committee on Appropriations

* A committee on appropriations has the powers and functions conferred to it by the Constitution, legislation, the standing rules of a House, including considering and reporting on;

a) spending issues;
b) amendments to the Division of Revenue Bill, the Appropriation Bill, Supplementary Appropriations Bills and the Adjustment Appropriations Bill;
c) recommendations of the FFC, including those referred to in the Integovernmental Fiscal Relations Act, 1997 (Act no. 97 of 1997)
d) reports on actual expenditure published by the National Treasury; and
e) any other related matter set out in this Act.

ACRONYMS AND ABBREVIATIONS

'The Act': Money Bills Amendment Procedures and Related Matters Act, 2009
BRRRS: Budgetary Review and Recommendation Reports
FFC: Financial and Fiscal Commission
MTBPS: Medium Term Budget and Policy Statement
NA: National Assembly
NCOP: National Council of Provinces
PFMA: Public Finance Management Act, 2009
VAT: value added tax

DEFINITIONS

'Committee on Finance': the committee in the NA/NCOP established in terms of responsible for considering macro-economic, fiscal and revenue policy
'Committee on Appropriations': the committee in the NA/NCOP established responsible for considering matters of expenditure;
Contingent liabilities: the implicit government liabilities that may arise out of contractual and non-contractual obligations;
'Fiscal Framework': the framework for a specific financial year that gives effect to the national executive's macro-economic policy and includes;
estimates of all revenue, budgetary and extra-budgetary specified separately expected to be raised during that financial year;
estimates of all expenditure, budgetary and extra-budgetary specified separately for that financial year;
estimates of borrowing for that financial year;
estimates of interest and debt servicing charges; and
an indication of the contingency reserve necessary for an appropriate response to emergencies or other temporary needs, and other factors based on similar objective criteria

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