



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

Framework for the Strategic Planning Session of the Standing Committee on Appropriations

17 – 18 August 2021

Zoom Virtual Meeting Platform

1. Introduction

The Standing Committee on Appropriations (the Committee) is established in terms of the Money Bills Amendment Procedure and Related Matters Act, No. 09 of 2009 (the Money Bills Act) as amended by the Money Bills Amendment Procedure and Related Matters Amendment Act, No.13 of 2018. In terms of section 4(3&4) of the Money Bills Act, each House must establish a Committee on Appropriations whose powers and functions include considering and reporting on the following matters:

- Spending issues;
- Amendments to the Division of Revenue Bill, the Appropriation Bill, Supplementary Appropriations Bill and the Adjusted Appropriation Bill;
- Recommendations of the Financial and Fiscal Commission (FFC), including those referred to in the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);
- Reports on actual expenditure published by the National Treasury (section 32 reports); and
- Any other related matters set out in the Act.

Section 214(1) of the Constitution requires that a Division of Revenue Act determine the equitable division of nationally raised revenue between the three spheres of government (national government, the provinces and municipalities). This process takes into account the powers and functions assigned to each sphere of government. Section 9(1) of the Money Bills Act prescribes that the Division of Revenue must be referred to the Standing Committee on Appropriations for consideration and report.

Section 213(2) of the Constitution of the Republic of South Africa, provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament, or as a direct charge against the National Revenue Fund, when it is provided for in the Constitution or an Act of Parliament. The Appropriation Act sets out to appropriate money from the National Revenue Fund for the requirements of the State and to prescribe conditions for the spending of funds withdrawn. In line with section 10(1)(a) of the Money Bills Act and after the adoption of the Fiscal Framework, the Standing Committee on Appropriations must consider the Appropriation Bill, herein after referred to as the Bill, and report thereon to the National Assembly.

The Committee also considers the Medium Term Budget Policy Statement (MTBPS) in terms of section 6(1) of the Act, and must be tabled at least three months prior to the introduction of the national budget. In processing the MTBPS, the Committee is required to consider and report on the following issues:

- the spending priorities of national government for the next three years;
- the proposed division of revenue between the spheres of government and between arms of government within a sphere for the next three years; and
- the proposed substantial adjustments to conditional grants to provinces and local government, if any.

The Minister of Finance must table a national adjustments budget in terms of Section 30 of the Public Finance Management Act, No 1 of 1999. An adjustments appropriation budget must be tabled together with a national adjustments budget. In the case that the adjustment budget affects the fiscal framework, the Minister must table a revised fiscal framework. Furthermore, the Minister must table a Division of Revenue Amendment Bill with the Revised Fiscal Framework if the adjustments budget effects changes to the Division of Revenue. The Division of Revenue Amendment Bill must be referred to the Standing Committee of Appropriations for consideration and report. Section 12 (15) of the Money Bills Act provides that in the event of a revised fiscal framework, an Adjustments Appropriation Bill must be referred to the Committee on Appropriations in the National Assembly only after the Division of Revenue Bill has been passed by Parliament.

2. Objectives of the planning session

The objectives of the Committees planning session are as follows:

- To identify the priority issues in South Africa's budget framework;
- To understand the role and support mechanisms of identified stakeholders in the budget process, and the oversight work of the Committee;
- Explore and develop oversight strategies and a programme of Action for the Committee;
- Establish a measurable path for the committee to ensure that it effectively meets its mandate as required by the Money Bills Act; and
- To develop a Strategic Framework and Annual Performance Plan of the Committee.

3. Identified stakeholders and their participation framework

In order to complete its strategic priorities for the 6th Parliament, the Committee decided to invite the Office of the Chief Procurement Office (OCPO) and the Assets and Liability sections of the National Treasury in order to brief the Committee on key government strategic matter that are being handled by the respective sections. Furthermore, the Committee also decided on inviting the Department of Planning, Monitoring and Evaluation due to its crucial role in government value chain through its monitoring, evaluation and impact assessment of all the services provided by government to South Africans. The expectations and the information that the Committee requires briefing on is outlined separately for National Treasury and the DPME below.

3.1 National Treasury

The National Treasury is responsible for managing South Africa's national government finances. Supporting efficient and sustainable public financial management is fundamental to the promotion of economic development, good governance, social progress and a rising standard of living for all South Africans. The Constitution of the Republic (Chapter 13) mandates the National Treasury to ensure transparency, accountability and sound financial controls in the management of public finances.

The National Treasury's legislative mandate is also described in the Public Finance Management Act (Chapter 2). The National Treasury is mandated to promote government's fiscal policy framework; to coordinate macroeconomic policy and intergovernmental financial relations; to manage the budget preparation process; to facilitate the Division of Revenue Act, which provides for an equitable distribution of nationally raised revenue between national, provincial and local government; and to monitor the implementation of provincial budgets.

The mandate of National Treasury seeks to support the optimal allocation and utilisation of financial resources in all spheres of government to reduce poverty and vulnerability among South Africa's most marginalised. For the purpose of the Committee's strategic planning process, the Committee has invited the Office of the Chief Procurement Office and the Assets and Liability sections within National Treasury to make representation during the Committee Strategic Planning Session.

Furthermore, National Treasury is crucial to the successful work of the Committee in that, it is the institution that the Committee must consider and report on its tabled documents (budget documents) as envisaged in section 4(4) of the Money Bills Act.

3.1.1 Office of the Chief Procurement Officer

National Treasury describe the purpose of the O-CPO as to: “modernise the state procurement system to be fair, equitable, transparent, competitive and cost-effective. Enable the efficient, economic, effective and transparent utilisation of financial and other resources; including state assets, for improved service delivery; and promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources. As the largest buyer in the country, the South African government spends over R500 billion on goods, services and construction works through over 1000 procuring entities per annum. Due to the crucial role that this office plays in government procurement of goods and services as well as procurement of infrastructure, the Committee requires the O-CPO to make representation and prepare detailed information on the following issues;

- i. Mandate of the O-CPO,
- ii. Guidelines and regulations on contract deviations and expansions,
- iii. Status on the establishment of the Committee to oversee contract deviations and expansions,
- iv. Transversal contracting, update of provincial uptake into the transversal contracts and examples of goods and services procured through these contracts; and
- v. Strategic procurement and key infrastructure projects procured through the systems provided by the O-CPO.

3.1.2 Assets and Liabilities Management Division

The Asset and Liability Management (ALM) division of National Treasury is responsible for managing government’s asset and liability portfolio in order to ensure prudent cash management, asset restructuring, financial management and optimal management of government's domestic and foreign debt portfolio. To contextualise, the Asset and

Liability Management Division is responsible for managing government's annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. It also promotes and enforces prudent financial management of state-owned entities through financial analysis and oversight. Considering the current financial status of State Owned Companies like Eskom, Denel, SAA, SA Express, the committee views this unit as crucial in fulfilling its legislative mandate as envisaged in the Money Bill Act and the overall oversight responsibility of Parliament as enshrined in the Constitution of the Republic of South Africa. During the strategic planning session of the Committee, the ALM Division is anticipated to provide the following key information to the Committee;

- i. The current financial position of key State Owned Companies,
- ii. The model that is used by the ALM Division to make key government guarantee decisions when required by SOE's as well as other forms of financial assistance, and
- iii. Presentation on the conditions made on the Special Appropriations Bill [B10 – 2019] (Reprint) to Eskom.

3.2 Department of Planning Monitoring and Evaluation

The mandate of the Department of Planning, Monitoring and Evaluation (DPME) is derived from Section 85(2) of the Constitution of the Republic of South Africa which states that "The President exercises executive authority, together with other members of Cabinet, by

- a) Implementing national legislation;
- b) Developing and implementing national policy;
- c) Coordinating the functions of state departments and administrations;
- d) Preparing and initiating legislation; and
- e) Performing any other executive function provided for in the Constitution or in national legislation."

Furthermore, DPME is mandated to;

- Facilitate the development of plans or delivery agreements for the strategic cross cutting priorities or outcomes of government;
- Monitor the implementation of these plans;

- Assess departmental strategic plans and Annual Performance Plans to ensure alignment with long term and short term plans;
- Monitor the performance of individual national and provincial government departments and municipalities;
- Monitor frontline service delivery;
- Carry out evaluations; and
- Promote good planning and M&E practices in government.

Subsequent to the establishment of DPME, National Treasury delegated the PFMA function of regulating strategic and annual performance planning to DPME, this include the drafting and publishing of the Framework for Strategic and Annual Performance Plans which was previously issued by National Treasury in terms of the Treasury Regulations under the PFMA. DPME is therefore a critical department in ensuring that government achieve the 2030 impact of “improving the quality of life” through its monitoring and evaluations reports which should form part of key government intervention strategies and programmes. The Committee views DPME as crucial in fulfilling its legal obligation as envisaged in Section 4 and 6 of the Money Bills Act. For the purpose of the Committee’s planned strategic planning session, DPME is anticipated to brief the Committee on the following key strategic areas falling within its mandate;

- i. The mandate of DPME and its contribution to overall value chain of government;
- ii. The capacity of the department in relation to its mandate;
- iii. How the Committee can use the information provided by the department to make key budgetary decisions as required by the Money Bills Act;
- iv. The 2019-2024 Medium Term Strategic Framework;
- v. Citizens-based Monitoring Management Performance and the Presidential Hotline;
- vi. The 25-year review of government service delivery; and
- vii. DPME Capacity Development Coordination programmes.

DRAFT PROGRAMME OF SCOA STRATEGIC PLANNING SESSION

Day 1 - 17 August 2021

TIME	AGENDA AND CONTENT
9:00-9:10	Opening and Welcome
09:10-10:10	Presentation by the Department of Planning, Monitoring and Evaluation (DPME)
10:10-11:30	Discussion
11:30-12:15	Presentation by National Treasury's Asset and Liabilities Division (ALM)
12:15-13:15	Discussion
13:15-14:00	LUNCH BREAK
14:00-15:00	Presentation by the Office of the Chief Procurement Officer
15:00-16:00	Discussion
16:00-16:30	Summary and Recap of Day 1 (Committee Discussion)
16:30-16:40	Closing by the Chairperson

Day 2 - 18 August 2021

TIME	AGENDA AND CONTENT
9:00-9:10	Opening and Welcome
09:10-10:10	Presentation on Parliament's 2019-2024 Strategic Plan by the Division Manager: Core Business Support
10:10-11:10	Discussion
11:10-12:10	Discussion on the Committee's priority areas for the 6 th Parliament
12:10-12:45	Summary of planning session and Way Forward
12:45-13:00	Closing by the Chairperson