THE PARLIAMENTARY BUDGET OFFICE AND THE FINANCIAL AND FISCAL COMMISSION: A FRAMEWORK FOR DIALOGUE

Table of Contents

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1. INTRODUCTION

Institutions of fiscal and economic governance evolve over time. The Financial and Fiscal Commission (FFC) was established by the 1996 Constitution after the transition to democracy more than 15 years ago as a specialist intergovernmental fiscal relations body to give expert advice to Parliament and the Legislatures. The recent enactment of the Money Bills Procedures and Related Matters Act of 2009 allows for the establishment of a Parliamentary Budget Office (PBO). How these two institutions will relate, at this stage, is still unclear. This document explores the potential relationship between the proposed PBO and the FFC, highlighting differences in scope of mandate, potential overlaps, conflicts and collaboration opportunities. The analysis draws both on international experience as well as the local legislative and institutional context.

2. INTERNATIONAL EXPERIENCE

Parliamentary Budget Offices (PBOs) have recently been established in the Philippines in 1990 , Republic of Georgia in 1997, Mexico in 1999, Uganda in 2001, Korea in 2003, the United Kingdom in 2010, and are being established in countries such as Kenya, Nigeria, Turkey and Australia (Johnson & Stapenhurst, 2008). Many donor organisations such as DFID and USAID (which has been supporting the development of PBOs in Jordan, Kenya, Morocco and Afghanistan) actively support the establishment of nonpartisan PBOs. The rationale is that non-partisan budget offices as contributing to good governance by providing legislatures with alternative sources of information and analysis independent of the executive in order to allow them to discharge their lawmaking and oversight function effectively (Straussman & Renoni, 2009). These units could play a crucial role in assisting Members of Parliament (MPs) in understanding how to engage meaningfully with the budget process, the fiscal challenges, risks and opportunities facing government, the budgetary trade-offs which will influence current and future spending patterns, and who the beneficiaries of public spending actually are (i.e. incidence benefit).

Certain subnational governments, such as New South Wales in Australia in 2010, have also established PBOs. In fact, the very first PBO to be established was California's Legislative Analyst's Office, established in 1941.

Budget offices in presidential systems are relatively common. A role model for most budget offices is the US Congressional Budget Office was established in 1975. However, for parliamentary systems, PBOs are still extremely new. Legislation for the Australian Budget Office was only passed in 2010 and the institution is still in the process of establishment. New South Wales created a budget office in 2010. The Canadian Budget Office was only established in 2008/08. Only in 2010 did the UK enact Fiscal Responsibility legislation which gave rise to the Office of Fiscal Responsibility.

Effective budget offices aim to provide Committees and MPs with the information they need, when they need it and in formats that are simple and user-friendly. Some of the typical functions of a parliamentary budget office include:

1. Providing economic forecasts that originate independently of the executive branch, interrogating underlying assumptions and attendant risks.
2. Making baseline estimates of revenues and expenditures based on current laws, as well as debt and structural deficit projections
3. Examination in detail of the executive's budget proposals
4. Presentation of various options for the budget including spending cuts and increases, tax cuts and increases, and suggested implications of broad policy choices
5. Scrutinising proposals for new programmes and costing of new legislation, as well as policy briefs for the new programmes. In a few cases (e.g. Australia) this would include election promises from various political parties.
6. Monitoring and evaluation of policies and programmes.
7. Long time financial sustainability analyses
8. Analysing the cost of regulations e.g. to the private sector
9. Capacity building of parliamentary staff.

Parliaments generally have other internal research institutions which assist committees and individual MPs. While these organisational components produce information on a wide range of issues e.g socio-economic, political, technological and legal, PBOs tend to specialise in fiscal and financial analysis to facilitate the appropriation of budgets and oversight over their execution. Sound technical analysis could also raise the status of the Legislature in the eyes of executive branch officials, strengthening the oversight role (Straussman & Renoni, 2011).

The specific role of the PBO differs from country to country and depends on a number of factors: (1) the type of political system (that is, presidential, legislative, or hybrid); (2) the type of electoral system through which representatives are elected (that is, plurality-majority, proportional, and semi-proportional); (3) the legislature's formal powers (in this case, the extent of its powers to amend the executive budget); (4) the combination of the political environment within which the legislature functions, (5) the political will of legislators to exert parliament's powers; and (6) the technical capacity of the parliament (Johnson & Stapenhurst, 2008).

Effective legislative budget units also typically have their existence and their core functions codified in law (rather than just by resolution of both Houses), so they cannot be easily shut down or changed to suit some political purpose. For instance the proposed Kenyan PBO will be established in terms of the Fiscal Management Act of 2009. In many cases the statutes establishing the units also grant them authority to compel the executive to provide it with the necessary financial information it requires for research and analysis (Johnson & Stapenhurst, 2008). Statutes also often govern the appointment of a director of the PBO and limitations on her removal from office.

While PBOs internationally have different levels of institutional maturity, they also vary widely in financial and human resources. The US Congressional Budget Office has an annual budget of US$45.2m and 250 employees. The Canadian PBO has a budget of CAD$1.8m and 15 employees. The Korean National Assembly Budget Office employs 70 professional staff members. Mexico's PBO (called the Centre for Public Finance Studies) has 27 professional staff members. Uganda's PBO has positions for about 27 experts, but at times vacancies have not been filled because of budget constraints (Johnson & Stapenhurst, 2008). The PBOs in Morocco, Jordan and Afghanistan have 25, 3 and 5 full time staff members respectively (Straussman & Renoni, 2009).

Professionals typically include economists and accountants with expertise in macroeconomics, data analysis, fiscal policy, and tax policy. Larger PBOs would also include monitoring and evaluation skill sets as well as sector expertise (health economics, transport economics etc).

While capacity is critical, the viability of PBOs can also be compromised by changes in the political landscape. Straussman & Renoni (2009:6) cite the example of the Bolivian PBO which was terminated after 7 years: "Unfortunately, because of political issues which were separate from the performance of the budget office, it was disbanded indicating a lack of political will for its continuation.In the Bolivian example the office was not, in the end, regardless of its technical performance, sustainable".

Nonpartisan, independent budget offices should serve all parties in the legislature. This however potentially provides minority parties a greater voice in the budget process than they would otherwise enjoy. As a result, dominant parties in power are often tempted to underfund, undermine, or politicize independent budget units (Johnson & Stapenhurst, 2008). In parliamentary systems, the party or coalition controlling the legislature selects a government to represent it and thus has little incentive to use parliament's resources to develop professional capabilities to challenge that government. Legislatures without a tradition of nonpartisan staff, and those whose entire administrations consist of political appointees replaced after each election, may also find it difficult to establish independent budget offices (Johnson & Stapenhurst, 2008). While supreme audit institutions such as the auditor general are also independent, they analyze the executive's performance after the fact. PBO reports in contrast deal with future initiatives and can therefore have potentially significant political repercussions, including derailing the executive's policy agenda,

Another illustration of the difficulties of newly established PBOs in finding institutional traction is the recently established New South Wales Parliamentary Budget Office established in 2010 at the end of the Labour government tenure. The Director's term of office was to be 9 years. After election in March 2011, the new government refused to commit to fund the PBO and the motion in Parliament to retain current PBO funding levels was over-ruled on 12 May 2011 (Parliament of New South Wales, 2011).

In Canada the Parliamentary Budget Office was established in 2008 under the leadership of Kevin Page, a former senior bureaucrat in Finance, Treasury Board and the Privy Council Office. After criticism of many of the Conservative government's forecasts and policies and controversies about whether Page was "too independent" after publicly defended the Parliamentary Budget Office research and policy conclusions. . By September 2010 the Canadian PBO had prepared five economic and fiscal updates, and over 20 research reports as well as assessments of cost estimates of policy initiatives proposed in legislation. The PBO had appeared before both House and Senate Committees on 8 occasions in three s. The PBO did this with a staff of only 11 and a budget of only CAD $2.8 million. Currently the PBO has a staff of only 9. Page complained of underfunding and under-resourcing (Lammum & Veldhuis, 2009) when the executive attempted to cut his budget to CAD$1.8 million after the publication of a controversial costing report on the Canadian mission in Afghanistan.

Even this small budget was at risk. The government planned to cut the PBO budget to CAD$1.8 million for 2009-10 after the publication of the Afghan costing report and PBO's first economic and fiscal assessment. In July 2009, 129 Canadian economists including 15 past presidents of the Canadian Economics Association and 7 current Canada Research Chairs published an open letter calling on "parliamentarians to ensure adequate funding to carry out the PBO mandate, making the PBO a full officer of Parliament and permitting the public reporting of all analyses (Jeffery, 2010). The budget was restored only after the PBO submitted an "action plan" in response to recommendations made by the joint House and Senate Committee for the Parliamentary Library. Some of these recommendations actually reduce PBO transparency and Independence. In September 2010 Kevin Page announced that he would not seek reappointment when his term of office expires in March 2013. The fate of the Canadian PBO remains to be seen.

In Australia, the Gillard government announced in 10 May 2011 that it would provide AUD $24.9 million over four years to establish an independent PBO., headed by an independent statutory officer, the Parliamentary Budget Officer. The Australian Treasury has already raised questions about the proposed PBO's ability to cost election commitments accurately, and asserted that it would not be possible for the PBO to duplicate the Australian Treasury's resource pool of more than 300 staff involved in generating costings during both election and non-election periods (Parliament of Austrialia, 2010).

3. LEGISLATIVE MANDATE OF THE PBO IN SOUTH AFRICA

The South African Parliamentary Budget Office is established by section 15 of the Money Bills Amendment Procedures and Related Matters Act to provide content effectively to the Finance and the Appropriations committees to carry out their work i.e. independent, objective and professional advice and analysis on matters related to the budget and other money bills. The core functions of the Parliamentary Budget Office are to:

- Annually review and analysis of relevant budget documents.
- Provide advice and analysis on proposed amendments to the fiscal framework, DORB, money bills etc.
- Monitor and synthesise matters and relevant reports tabled and adopted in the House with particular emphasis on report by other committees.
- Keep abreast of policy debates and developments on expenditure and revenue.
- Monitor and report on potential unfunded mandates – legislative, policy budgetary.
- Undertake research on request by Houses.

The office is headed by a 'Director' who must substantially be at the same level of the 'top rank of the public service'. The Director, once appointed, is responsible for the setting-up of the office in terms of appointment of other staff and resources. More details can be found in *Appendix 1: Money Bills Amendment Procedure and Related Matters Act of 2009 and the PBO.*

4. LEGAL MANDATE OF THE FINANCIAL AND FISCAL COMMISSION (FFC)

The FFC is given a special role within the intergovernmental fiscal framework. This role is to be an independent and impartial statutory institution, accountable to the legislatures, with the objective of contributing towards the creation and maintenance of an effective, equitable and sustainable system of intergovernmental fiscal relations, rendering advice to legislatures and organs of state regarding any financial and fiscal matter which has a bearing on intergovernmental fiscal relations. The mandate of the Commission derives from the Constitution of South African s220 which states that the FFC, in performing its mandate, must consider all relevant factors including those listed in section 214(2) of the Constitution. The FFC also derives its mandate from other legislation which include: Intergovernmental Fiscal Relations Act No. 97 of 1997 as amended, the Financial and Fiscal Commission Act No. 99 of 1997 as amended, the Municipal Systems Act No. 32 of 2000 as amended, the Provincial Tax Regulation Process Act No. 53 of 2001 as amended, the Municipal Finance Management Act No. 56 of 2003 as amended, the Intergovernmental Relations Framework Act No. 13 of 2005 as amended, the Municipal Fiscal Powers and Functions Act No. 12 of 2007 and the Money Bills Amendment Procedure and Related Matters Act No. 9 of 2009.

5. RELATIONSHIP BETWEEN THE PBO AND FFC MANDATES

It is clear that the mandate of the PBO is much broader than that of the FFC. While the PBO's purview extends across the entire gamut of the macroeconomic, fiscal, financial, public economics and public finance domain, the FFC's sphere of influence is more specialised and restricted to intergovernmental fiscal relations[1].

The differences and overlaps between the 2 organisations are delineated in the table below:

[1] Intergovernmental Fiscal Relations (IGFR) concerns structure of public finance in a state with more than one level of government: How spending, taxing, borrowing and regulatory functions are distributed among levels of government, the nature of transfers (grants) between national, provincial and local levels and the Institutional mechanisms for coordination, monitoring, support, supervision and intervention

FISCAL AND FINANCIAL POLICY AREA	PARLIAMENTARY BUDGET OFFICE (PBO) FOCUS	FINANCIAL AND FISCAL COMMISSION (FFC) FOCUS
Coordination of fiscal and monetary policy	Key focus on the PBO	Beyond the remit of FFC
Coordination of fiscal, exchange rate, trade and industrial policy	Key focus on the PBO	Beyond the remit of FFC
Coordination of fiscal policy and labour market regulation	Key focus on the PBO	Beyond the remit of FFC
Broad economy and sector wide outlook	Key focus of PBS comprehensively for domestic and global economy	Focus of FFC in relation to the fiscal framework
Fiscal Framework: assumptions, aggregate revenues and expenditures	Key focus on the PBO	Focus of the FFC in so far it impacts on intergovernmental fiscal relations
Debt management and deficit financing	Key focus on the PBO (term structure of debt, fiscal risk, contagion etc)	Aggregate debt only to the extent it impacts division of revenue, and subnational (municipal and provincial debt)
Revenue management	Key focus on the PBO in detail and across all tax sources (VAT, Corporate Income Tax etc)	Subnational revenue management only
Revenue sharing: Division of Revenue and conditional grant design	Secondary focus of the PBO. While the FFC focuses on allocations, the PBO focuses on actual appropriations of organs of state	Primary focus of the FFC, focussing both within spheres and the interface across spheres
Public expenditure management	PBO needs to support the budget oversight role of Parliament and will focus on individual departments and public institutions to ensure that the detail of their budgets support strategic objectives, and	FFC does not analyse individual appropriations, but focuses on transversal public expenditure management issues which have broad impact across a particular sphere, between spheres or

FISCAL AND FINANCIAL POLICY AREA	PARLIAMENTARY BUDGET OFFICE (PBO) FOCUS	FINANCIAL AND FISCAL COMMISSION (FFC) FOCUS
	that the executive is held accountable. Here the emphasis will be on national departments, their associated public entities, constitutional institutions and other public institutions. PBO will typically not do this for provincial departments, since this falls within the scope of provincial legislatures, nor for individual municipalities.	across a particular sector (mainly for concurrent functions)
Unfunded mandates	A statutory focus of the PBO broadly	The focus of the FFC are unfunded mandates which occur at the interface between spheres of government only
Monitoring and evaluation	The PBO focuses on the achievement of, and value for money obtained across all the outcomes of the executive. Programme evaluation will be an important activity as well as incidence-benefit analysis.	The FFC focuses primarily on the developmental impact of concurrent functions where two or more spheres of government are involved in jointly cooperating around the policy formulation, planning, resource allocation, implementation, monitoring and evaluation to render the service.
Costing of new legislation and significant legislative amendments	Primary focus of the PBS	Only relevant in so far as new legislation has intergovernmental fiscal implications

6. CONFLICT OR COOPERATION: EVOLVING INSTITUTIONAL RELATIONS

There similarities between the two institutions are striking. Both are charged with providing independent, impartial advice to feed into the budget and revenue sharing process, based on fiscal and financial analysis. This raises a number of questions: are both organisations necessary? Is there duplication in the roles of the two organisations? If so, will this create destructive conflict or is there potential for mutually beneficial collaboration?

The PBO will mainly serve the national Parliament, and the national government budget process (e.g. assessing the budget proposals of the national executive for national departments and their associated public entities). So for instance the PBO would assess the budget proposals of the justice cluster and public entities such as ESKOM and Transnet, which would not be FFC focus areas. The FFC, even though it has a narrower, more specific intergovernmental fiscal relations focus, has a much broader stakeholder base. The FFC's stakeholder base includes the nine provincial legislatures as well as the executive (the National Treasury, Provincial Treasuries, Department of Cooperative Government), intergovernmental forums (such as Budget Council and the Budget Forum) and organised local government (SALGA). The advent of the PBO therefore does not render the FFC irrelevant.

Both the PBO and the FFC would draw on similar skills sets: economists, accountants, data and information management specialists, statisticians, evaluators and sector specialists. There could possibly be some competition for human resources, but this is unlikely given the PBO's location in Cape Town, and the FFC's head office in Midrand.

While the PBO is still in a conceptual stage, the FFC has already been generating high quality research and recommendations for more than 15 years. It therefore already has capacity in intergovernmental fiscal relations and assessing the fiscal framework in place. Furthermore, the PBO will still have to build credibility with its stakeholders through non-partisan, independent, high quality research and advice.

Given the huge demands which will be placed on the PBO relative to the limited resources (both financial and human) which are likely to be at its disposal at its inception, it makes sense for the PBO initially not to duplicate the IGFR capacity already existing at the FFC. Instead the PBO should first focus its attention on capability for tax policy analysis, debt management, macroeconomic policy coordination, the analysis of national government department budget proposals etc. The FFC can play a valuable role in sharing data and information with the PBO as well as assisting in building its analytic capacity.

The FFC is eager to discuss with Parliament how a productive, mutually beneficial relationship with the PBO can be developed. The Commission hopes that this document may be the point of departure for such a dialogue.

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APPENDIX 1: MONEY BILLS AMENDMENT PROCEDURE AND RELATED MATTERS ACT OF 2009 AND THE PBO

15.(1) There is hereby established a Parliamentary Budget Office headed by a Director, the main objective of which is to provide independent, objective and professional advice and analysis to Parliament on matters related to the budget and other money Bills.

2) The core function of the Parliamentary Budget Office is to support the implementation of this Act by undertaking research and analysis for the committees referred to in section 4, including –

(a) annually providing reviews and analysis on the documentation tabled in Parliament by the Executive in terms of this Act;

(b) providing advice and analysis on proposed amendments to the fiscal framework, the Division of Revenue Bill and money Bills and on policy proposals with budgetary implications;

(c) monitoring and synthesising matters and reports tabled and adopted in a House with budgetary implications, with particular emphasis on reports by other committees;

(d) keeping abreast of policy debates and developments in key expenditure and revenue areas;

(e) monitoring and reporting on potential unfunded mandates arising out of legislative, policy or budgetary proposals, and

(f) undertaking other worked deemed necessary by the Director to support the implementation of this Act.

(3) The Parliamentary Budget Office may undertake research on request by the Houses, other committees of members of Parliament on matter related to the budget and other money Bills, subject to capacity.

(4) There must be a cooperative relationship between the Parliamentary Budget Office and other research structures in Parliament.

(5) The committees contemplated in section 4 must recommend to the respective Houses –

(a) a person with the requisite experience, qualifications and leadership skills to manage the Parliamentary Budget Office with the functions set out in 15(2) and 15(3) for appointment as Director by resolution of both Houses, and

(b) the conditions of service, including the salary and allowance of the Director which must take into account the knowledge and experience of the person and substantially must the same as those of the top rank of the public service.

(6) Pending the establishment of the committees referred to in section 4, an ad hoc joint committee established by the resolution of both Houses and composed in a manner consistent with democracy of an equal number of members from both Houses must fulfil the functions contemplated in subsection (5).

(7) Any committee considering making a recommendation contemplated in subsection (5) may to so in an open and transparent manner.

(8) The Director may be removed from office only on –

(a) the ground of misconduct, incapacity or incompetence;

(b) a finding to that effect by a joint sitting of the committees on finance and appropriations of each House; and

(c) the adoption by both Houses of a resolution calling for that person's removal.

(10) The Director shall be obliged to report to Parliament any inappropriate political or executive interference to prevent the office from providing independent, objective and professional advice on matters relating to the budget and other money bills.

(10) The Parliamentary Budget Office must annually receive a transfer of funds from Parliament's budget to carry out its duties and functions.

(11) The Director must annually submit to Parliament a rolling three year budget in time for inclusion in Parliament's budget and a report on the use of funds and the activities of the Parliamentary Budget Office.

(12) The Director must appoint deputy directors and personnel with the requisite experience and qualifications as may be necessary to carry out the duties and functions of the Parliamentary Budget Office as may be specified in subsections (2) and (3).

(13) The Director, in consultation with the committees referred to in section 4 must determine –

(a) the structure of the Parliamentary Budget Office; and

(b) the conditions of service of the deputy directors and personnel of the Parliamentary Budget Office, which must take cognisance of the conditions of service of officials in the Parliamentary Service.

(14) The Director may delegate authority to perform any function imposed by theis section to a person appointed in terms of subsection 12.

(15) When the position of Director is vacant or if the Director is unable to fulfil the duties and functions of that position, the committees referred to in section 4 must nominate a person in the employ of the Parliamentary Budget Office to act as Director until a Director is appointed in accordance with subsection (5).

(16) In carrying out the duties and functions of the Parliamentary Budget Office, the Director may procure the services of experts or consultants or organisations by contract.

APPENDIX 2: THE FINANCIAL AND FISCAL COMMISSION'S MANDATE

The Commission was set up to render advice and make recommendations envisaged in Chapter 13 of the Constitution, and any national legislation to Parliament, provincial legislatures and any other authorities determined by national legislation. This mandate can be distilled into three broad areas which are discussed in turn below

1) ***The Commission must make recommendations to Parliament and provincial legislatures on the equitable division of nationally raised revenue***: It is in the Commission's mandate to apprise itself of all matters relating to the equitable division of nationally raised revenue including equitable share grants, conditional grants and any other grants annually. In this respect the Commission has exclusively focused its recommendations on the horizontal division of revenue and entirely neglected recommendations on the vertical division which are a key component of the mandate. The first set of issues that the Commission institutionalised as guiding principles for carrying out its mandate in 1995 can be summarised as follows and have generally been applied on the horizontal division of revenue and related matters:

- Equitable financial resources to perform assigned functions
- Predictable and objectively arrived-at allocations
- Sufficiency of resources to ensure the provision of minimum levels of basic services including administrative responsibilities
- Financing of unique national services
- Reasonable fiscal autonomy for provinces and municipalities
- Progressively addressing and eliminating backlogs, poverty, economic disparities, and meeting developmental need
- Supporting long-term economic growth objectives of the country
- Supporting the development of democratic and accountable government
- Closing the fiscal gap both horizontally and vertically (grants, taxes and loans)
- Ensuring transparency in the budget process (budget reforms)

These matters that were addressed by the Commission quite widely in its 1995 framework document constitute the foundation of what is contained in section 214 (2) [A-J]. In assessing the vertical division the FFC should consider:

a) Credible projected macro-economic and fiscal environment (revenue, debt, inflation, expenditure, etc)

b) Fair costing of services based on minimum norms and standards or similar approach

c) Clearly defined objectives and targets around the progressive realisation of constitutionally mandated basic services

d) Addressing backlogs and other infrastructure requirements

e) Adapting to function shifts among and across spheres of government

Further to the requirements on this mandate as enabled by Section 9 of the IGFR Act of 1997 (annual submission on the division of revenue) the Financial and Fiscal Commission Act enables the Commission to conduct research and make recommendations on any other financial and fiscal matter with a bearing on the IGFR system upon request by organs of state or of its own accord. The Commission must provide its reports to Parliament. While the Annual Submission should be submitted to the Minister as well in terms of the IGFR Act, there is no such requirement for the Commission to submit to the Minister reports that it prepares of its own accord. The requirement is that such reports have to be tabled in Parliament and the provincial legislatures or any other organs of state authorised by national legislation.

2) ***The Commission can make recommendations on any other financial and fiscal matters with a bearing on intergovernmental fiscal relations:*** The passing of the enabling legislation to allow Parliament to amend the money bill (Money Bills Amendment Procedure and Related Matters Act (1999) provides some direction in the way that the Commission can add meaning to this very broad mandate which is open to all sorts of interpretation and has always degenerated into a source of tension between the National Treasury and the Commission. To fulfil the requirements of this Act, the Commission has to look at the broader issues of government expenditure and the funding mechanisms for such spending with a view to safeguarding the credibility and long-term sustainability of the fiscal frameworks. In doing this it is then within the mandate of the Commission to for example examine, evaluate or make recommendations on the suitability or appropriateness of any norms and standards applicable to the implementation of government programs be they on the spending or the financing side. Furthermore it is well within the mandate of the Commission to examine, review or make recommendations on the appropriateness of indicators for policy outcomes, delivery outputs and financial inputs across the spheres of government in the pursuit of objectives around the progressive realisation of constitutionally mandated basic services

3) ***The Commission should contribute towards the creation and maintenance of an effective, equitable and sustainable system of intergovernmental fiscal relation****s*: The Commission has a unique position and a strong role to play in the evolution of the IGFR system. IGFR Act allows the Commission to participate in the Budget Council and the Budget Forum. The Commission can contribute immensely through influencing discussions here but it is also important that the protocols for the Commission's participation are defined. This is something that has to be done by the Commission in consultation with the Minister. These protocols can also be extended to other intergovernmental fora (Provincial Excos, Minmecs, SALGA, etc) as deemed relevant to the work of the FFC in advancing the principles of an evolving IGFR system. It is well within the Commission's mandate in this respect to contribute through research to public debate in a manner that clarifies the linkages between fiscal decisions and the policy decisions required or adopted by government. These include progressive realisation of constitutionally mandated socio-economic rights and initiatives with respect to poverty alleviation and reduction, and MDG's. It is well within the Commission's mandate to create and maintain functional relationships with its broader stakeholder base through enriching its research program, building human capacity within the country for the conduct of IGFR and encouraging a broader discourse within society on these important fiscal and financial issues which are among the most important decisions of government. The Commission is also expected to respond to requests or legislation referred to it due to intergovernmental financial and fiscal dimensions involved. Such referrals can be comprehensive in scope with implications cutting across the three spheres of government, eg. the NHI and the Comprehensive Social Security Reform. Others may yet be more limited in scope but in either case it is in the mandate of the Commission to apprise itself on all of these matters through its research and recommendations program.

Conclusion

The Commission's mandate is therefore defined around 3 interrelated pillars of (a) making recommendations on equitable division of nationally raised revenue, (b) making recommendations on any other matters financial or fiscal with a bearing on intergovernmental fiscal relations and (c) contributing towards creation and sustenance of an effective and equitable system of intergovernmental fiscal relations. This 3 pillar mandate is executed through focused research, recommendations and policy advice and outreach activities (including public hearings, training, briefings, publications, etc). The Commission has successfully interpreted its mandate over the past 17 years of its existence. Generally the Commission has also been able to respond to the demands of its mandate although there have been healthy tensions between the Commission and Government on occasion. The tension has resulted in the Commission having to continuously evaluate its engagement with government through its recommendations process and been very successful in maintaining what has been referred to by a past Commissioner as an "attentionable" relationship with Government. The Commission has however adopted and rightfully so a set of operational guidelines in carrying out its mandate and these are:

- Respects the Constitutional status of each sphere of Government
- Adheres to Constitutional principles
- Is mindful of the fact that the Constitution's Bill of Rights mandates the provision of basic services
- Considers other principles of good intergovernmental fiscal relations
- Undertakes extensive research to inform the basis of its recommendations
- Takes into consideration stated government programme objectives and priorities