

Parliamentary

PBO governance structure

Budget
Office



Outline

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- What informed the structure
- Functions of the different clusters
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Background

- The South African Parliamentary Budget Office (PBO) was established in terms of the Money Bills Amendment Procedure and Related Matters Act, 2009
- The Office has been in operation since June 2013
- The Office is currently only serving the Committees of Finance and Appropriations in the 2 houses of Parliament
- The main purpose of the Office is to support the implementation of the Money Bills Amendment Procedure and Related Matters Act

Legislative Mandate

- The Money Bills Amendment Procedure and Related Matters Act, 2009 provides:
 - Procedures to amend money Bills before Parliament
 - Establishment of a Parliamentary Budget Office (PBO)
 - Management and funding of the Office
 - The core functions of the Office
- The PBO must:
 - Provide independent, objective and professional advice and analysis to Parliament on matters related to the budget and other money Bills

Legislative Mandate (cont.)

- The Office is further required:
 - To undertake research and analysis for the Finance and Appropriations committees
 - To provide reviews and analysis of the documentation tabled in parliament by the Minister of Finance
 - Provide advice and analysis on proposed amendments to:
 - The Fiscal Framework
 - The Division of Revenue and other money Bills
 - Policy proposals with budgetary implications

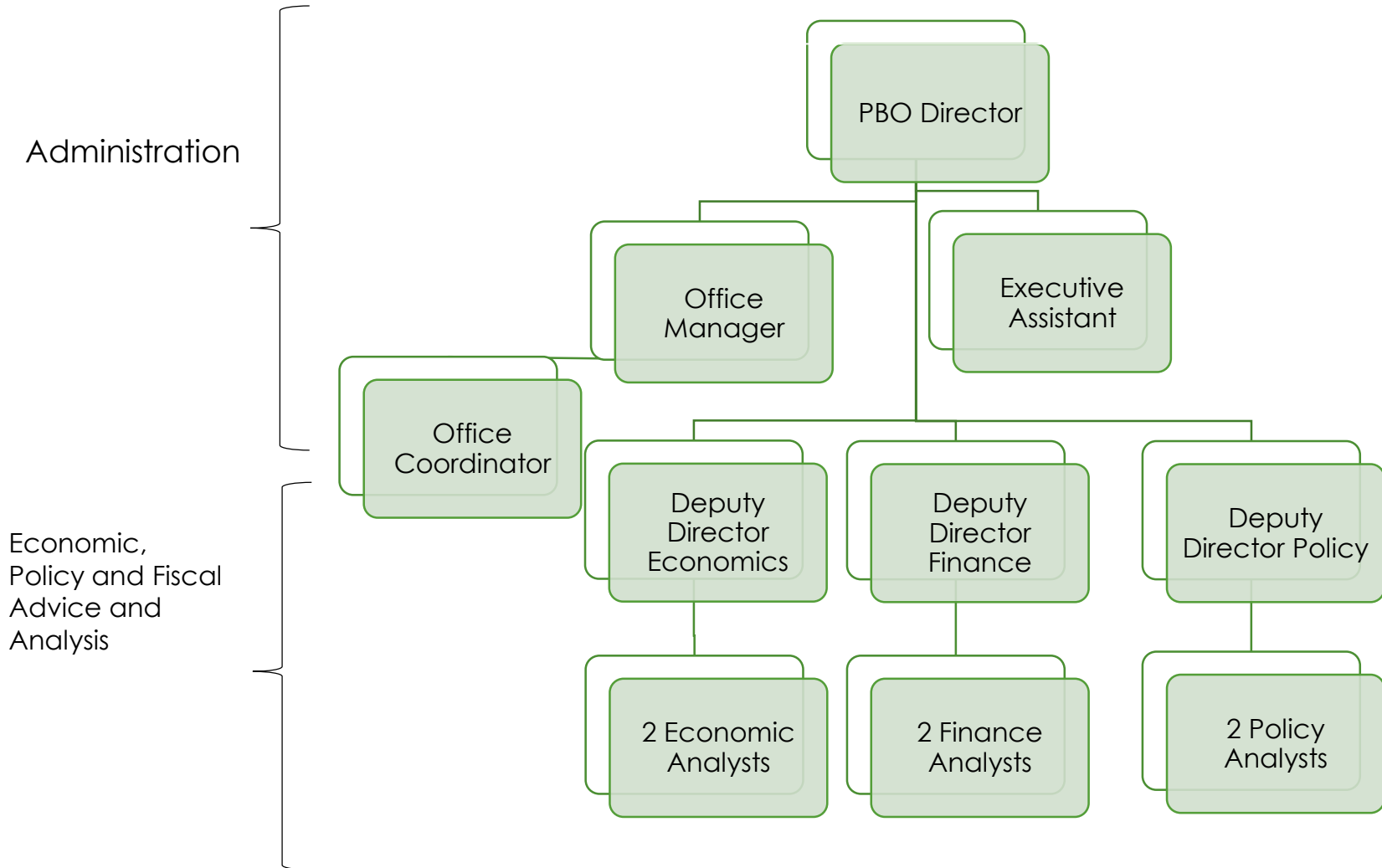
Legislative Mandate (cont.)

- Monitoring and synthesising reports adopted in a House with budgetary implications
- Keeping abreast of policy debates and developments in key expenditure and revenue areas
- Monitoring and reporting on potential unfunded mandates arising out of legislative and policy proposals
- Undertaking any other work deemed necessary by the Director to support the implementation of the Act

Other Legislative requirements

- The Office must receive a transfer from Parliament
- The Chairpersons of the 4 Committees act as an advisory panel for the Office
- The Office is headed by a Director
- The Director :
 - Is accountable to the Executive Authority
 - Responsible for the Human Resource and Financial management of the Office
 - Determine the structure of the Office
 - Appoint staff
 - Submit a 3-year budget
 - Report on the performance and expenditure

Structure



What informed the structure?

- Legislative Mandate
 - Involves the role of Parliament in the entire budget process
- Lessons learnt from other countries
 - No generic model that applies to all countries
 - The role of the Legislature in the budget process
- Technical capacity of Parliament
 - To simplify complex budget information
- Literature on fiscal oversight
 - A budgeting system is the most important component of public service delivery
 - It is the instrument for translating government priorities, strategic plans into public goods and services
 - Any policy or plan which does not consider budget constraints is unlikely to be successfully implemented
 - Economic success depends on the ability of government to employ limited resources with maximum effect

Functions of the different clusters

Economic Cluster	Finance Cluster	Policy Cluster
<ul style="list-style-type: none">• Macroeconomic evaluation• Economic projections• Tax review and revenue analysis• Fiscal Framework review and analysis• Provide advice on proposed amendments to the Fiscal Framework• Fiscal projections	<ul style="list-style-type: none">• Spending trends review and analysis• Spending projections• Baseline studies• Provide advice and analysis on proposed amendments to the DOR Bill and the Appropriation Bill• Monitor legislative or policy proposals with financial implications - Bill costing	<ul style="list-style-type: none">• Policy analysis and evaluation• Policy implementation analysis• Outcomes analysis vs spending trends• Monitor policy proposals with financial implications• Follow policy debates and development

Strategic and Annual Performance Plan

Strategic Goals

- An efficient and effective Parliamentary Budget Office
- Improved oversight over the Budget and money Bills by the Parliamentary Committees

Strategic Objectives

- To provide strategic leadership and corporate services support functions to the office to enable the PBO to achieve its strategic and operational objectives
- To provide independent, objective and professional advice and analysis to Parliament on matters related to the budget and other money Bills

Outputs

Administration

- 3-year rolling Budget
- Strategic and Annual performance Plan
- Annual Report
- Quarterly performance and expenditure report

Economic, Policy and Fiscal Advice and Analysis

- Pre- and post-MTBPS analysis
- Pre- and post-Budget analysis
- Quarterly Economic Briefs
- Forecast robustness report
- Departmental budget analysis
- Input on Rates and Monetary Amounts Amendment Bill (2015/16)
- Parliament and the Engendered Budget
- Financing State Owned Enterprises
- Base Erosion, Profit Shifting and Transfer Mispricing (BEPS)
- Report on the Sustainability of South Africa's Social Grants System
- The involvement of Public Accounts Committees in the budget process
- The implementation of the National Development Plan

Challenges

- On a strategic level the Office performs in terms of the objectives and functions set out in the enabling legislation of the PBO
- On an operational level the Office, however, continues to experience challenges in terms of the implementation of the management and administrative requirements of the Money Bills Act
 - Independent entity of Parliament
 - Enabling Legislation
 - Own personnel
 - Funded through a transfer from Parliament
- Currently the Office operates within the Administration of Parliament

Thank You

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