

The Budget Process and  
Good Governance



JOAN FUBBS



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<b>European Office</b> Prins Hendrikkade 48 1012 AC Amsterdam The Netherlands Tel. 31.20.5245678 Fax. 31.20.6220130 E-mail awepa@antenna.nl	<b>South African Office</b> Plein Park Building 16th Floor Plein Street Cape Town 8001 Tel. 27.21.4621767 Fax 27.21.4622918 E-mail awepact@wn.apc.org
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**Mozambican Office**  
 Rua Licenciado Courinho No. 77-1º andar  
 C.P.2648 Maputo  
 Tel. 258.1.418603  
 Fax. 258.1.418604  
 E-mail awepa@awepa.uem.mz

The opinions, conclusions and recommendations expressed in this publication are those of the author, and not necessarily those of AWEPA and the African-European Institute.

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## TABLE OF CONTENTS

4	<b>PREFACE</b>
5	<b>1. INTRODUCTION</b>
8	<b>2. WHAT IS THE BUDGET?</b>
11	<b>3. WHAT IS THE PURPOSE OF THE BUDGET?</b>
14	<b>4. THE BUDGET PROCESS AND GOOD GOVERNANCE</b>
15	4.1 Constitutional Provision Relating to Provincial Budget Process
16	4.2 Financial and Fiscal Commission
17	4.3 Medium Term Expenditure Framework
23	<b>5. OVERSIGHT AND THE ROLE OF THE LEGISLATURE</b>
23	5.1 Exercising Oversight
24	5.2 Oversight Role of the Legislature
27	<b>6. THE STANDING COMMITTEE OF FINANCE AND THE BUDGET</b>
28	6.1 Policy Framework
28	6.2 Core Policy Issues unpacked
29	6.3 Accessible Reporting Measures
30	6.4 Methodology Used to Exercise Oversight
33	<b>7. WRITTEN SUBMISSIONS BUDGET FORMAT GUIDELINES</b>
36	<b>8. PUBLIC PARTICIPATION</b>
39	<b>ANNEX I: SAMPLE BUDGET PRESENTATION</b>
47	<b>ANNEX II: MONEY BILLS FACILITATION</b>
57	<b>ABBREVIATIONS</b>

## P R E F A C E

One could ask oneself the question why a paper on budgets is included in a series about democratization and human rights. At first sight, there does not seem to be a direct link between these issues. That, however, would be a misunderstanding. Budgets play a crucial role in the democratic process, as they provide one of the most important financial control and oversight mechanisms within the political arena. Parliamentarians, who form the main focus of the work of AWEPA, can use their influence to allocate resources for various sectors and set priorities in trying to further the demands of the people in general, and of those of the more vulnerable groups in society in particular.

This publication started as a result of the partnership between AWEPA and the National Youth Commission in South Africa. This partnership is based on a capacity building programme to facilitate the relationship between the Provincial Youth Commission and Provincial Legislatures, by creating a platform for debate and discussion around youth development priorities, and by encouraging Members of the Provincial Legislatures (MPLs) to allocate resources for youth development. A new budget system has been introduced in South Africa since 1994, which has quite a high standard and is working well.

In this volume of the Occasional Paper Series an outline is given of the broad-based provincial budgeting process, applicable at national or provincial level, and provides a very useful tool in general, for those involved in politics and all other stakeholders. In this document one is able to get a clear picture of all aspects involved in budgeting, and of those stages in which one should use one's input or influence to exercise parliamentary oversight over the budget process.

A special thanks goes to the author of this paper, Ms. Joan Fubbs, Chairperson of the Standing Committee of Finance and Economics in the Gauteng Legislature, and also to contributions from Switzerland and Norway, which have made this publication possible.

Dr. Jan Nico Scholten  
President of AWEPA

## 1 I N T R O D U C T I O N

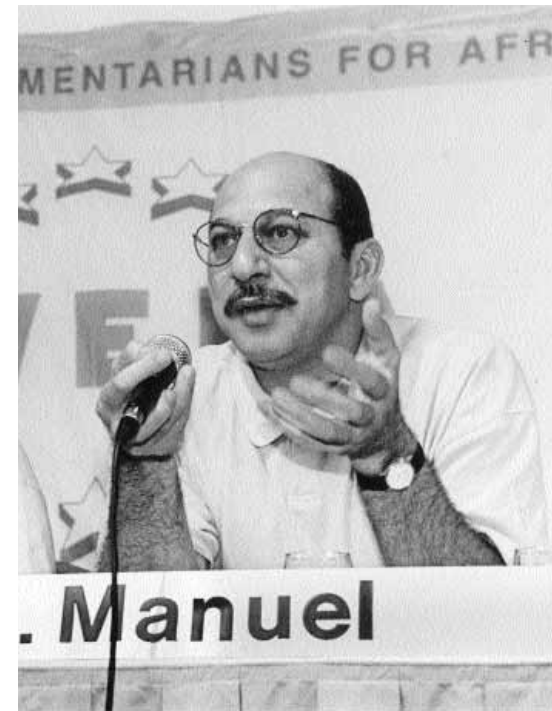
**“Transformation depends on sound policies and institutions. A major overhaul of financial management and the budget process is in progress”**  
Minister of Finance Trevor Manuel, South Africa

A quiet fiscal revolution has taken place in South Africa. A decentralized system of public resource allocation is emerging with sub-national spheres of government enjoying greater autonomy to tax and spend. Provinces are no longer merely spending agencies for central government.

Instead, the nine provinces have been empowered by the Constitution and enabling legislation to develop and process their own policy priorities in certain key areas. This prioritization and re-prioritization is then translated into resource allocations that will support provincial policy objectives in a multi-year budget process. The Reconstruction and Development Programme (RDP) is the cornerstone of this budget reform. The principle instrument to realize the policy objectives of the RDP is the Growth, Employment and Redistribution (GEAR) strategy.

The RDP policy and the GEAR strategy charge the government with the responsibility of developing budgets that balance social priorities with fiscal priorities consistent with the prevailing economic environment. Prior to fiscal reform, the budget was planned and implemented by bureaucrats who emphasized "inputs and outputs" and separated "outputs from outcomes".

The Budget Council is an important structure in South Africa, which enables provinces to shape not only the national, but also their own budgets. This decision-making body is made up of the nine Members of the Executive Council (MECs) for Finance, the provincial Treasuries, the Minis-



MINISTER OF FINANCE, TREVOR MANUEL

ter of Finance and the Deputy Minister of Finance, and officials from the Departments of Finance and State Expenditure. The Financial and Fiscal Commission (FFC), an independent institution, consisting of 18 presidentially appointed members and a secretariat, whose task it is to advise on and promote the most optimal decisions regarding resource allocation, also attends as an observer. After considering the FFC recommendations and national priorities, the Budget Council then recommends to Cabinet the equitable shares that each province should be allocated.

The Budget Council first "topsllices" the total estimated government revenue to service the interest on government debt, which the new government inherited in 1994. Then a vertical division of revenue is applied between national, provincial and local government, after which a horizontal division is implemented to split the provincial share of revenues between the nine provinces in an equitable Constitutional manner.

The 1998/1999 financial year was a watershed in fiscal transformation in South Africa. The provisions of Chapter 13 of the Constitution came into effect on 1 January 1998. In the last two years in particular, a phalanx of public finance and related legislation has been passed to give substance to the principles and spirit of the 1996 Constitution. In 1998 the Intergovernmental Fiscal Relations Act and the Financial and Fiscal Commission Act were two key pieces of legislation which underpinned the sound policies and redesign of institutional structures.

The introduction of multi-year budgeting in South Africa is perhaps the most important piece of budget reform. It creates a robust budgeting instrument with which to implement policy and generate delivery. The national medium term budget policy statement (December 1997) provided a framework. This informed the detailed budget and three-year projected estimates, which were tabled in Parliament in March 1998. This is the Medium Term Expenditure Framework (MTEF).

Between ninety and ninety-five percent of provincial revenue comes from national government. Recently national government linked conditional grants to the creative raising of own revenue by provinces. This incentive has certainly given fresh impetus to provincial revenue raising initiatives.

The budget reform process is creating a culture of sound policies, sound legislation and sound planning in an environment of transparency, accessibility, accountability, and administrative capacity. Chapter 13 of the Constitution sets out a framework for cooperative governance. Its enabling rather than prescriptive character specifies the pursuit of certain goals but does not prescribe how this should be done.

The Public Finance Management Act, which was passed in March 1999, is the latest piece of financial and fiscal legislation required by Chapter 13 to transform financial and fiscal arrangements. This Act has also legislated a series of sanctions to ensure compliance by administrative and political officials.

This paper takes a broad approach to provincial budgeting from the perspective and role of the Provincial Legislature. Gauteng is used as an example to explain the engagement of the legislature in the budget process. Each section reflects a component of the fiscal revolution.



JOAN FUBBS (MSC DEVELOPMENT AND PLANNING) (ANC) CHAIRPERSON OF THE STANDING COMMITTEE OF FINANCE AND ECONOMICS GAUTENG LEGISLATURE, SOUTH AFRICA

## WHAT IS THE BUDGET?

“Budgets are about choices and priorities. Gauteng’s budget is driven by our policy imperatives to improve the lives of our people”.  
MEC Jabu Moleketi



JABU MOLEKETI (PGDIP ECO) (ANC) MEC FOR FINANCE AND ECONOMIC AFFAIRS

The budget is a reflection of a government’s policy, priorities, planning and implementation processes for delivery of goods and services. It is also the art and science of balancing competing demands for scarce resources. The integrity of the budget is developed and enhanced by a robust relationship with policy, reliable data, realistic planning, fiscal discipline and a coherent chain of accountability of its outputs and outcomes. Three factors that ensure ownership of the budget are: the engagement of civil society with the executive before the tabling of the budget; the monitoring and oversight by the Finance Committee together with other portfolio committees during the budget process; and the right of participation of civil society in all committee meetings (see section 8 on public participation).

The government budget deals with income and expenses and is a combination of public expenditure plans and tax legislation for the coming year. In general, budgets have four functions:

- Budgets are used to reflect the priorities of a government;
- They serve to evaluate specific public

programmes, reviewing the state’s (or in this case the province’s) activities annually;

- They are used to increase economic growth and impact on development; and

- They are a system of accountability and controls over government officials and agencies, setting limits on their activities and safeguarding against corruption.

In short, budgets should ideally be policy-driven and embody the policy priorities of the spending agency. Analysis should attempt to assess whether the allocation of resources implicit in the budget does reflect and promote stated policy objectives.

Politicians in the executive are accountable for developing the budget, and those in the legislature are responsible for exercising oversight over the match between the budget priorities and allocations and the stated policies of the provincial government, which should be within the broad parameters of national policy.

Some of the issues politicians have to tackle are the following: shortfalls in funds; budget constraints; provincial revenue raising; and provision for future expenditure. In South Africa all provinces work with these challenges within the principle framework of cooperative governance. This among other principles exhorts the different spheres of government, but also fellow provinces, to assist and support one another and consult one another on matters of common interest.

### Shortfall in funds

Does the department simply borrow the money from the bank? If so, what about the cost of interest financially and the opportunity cost of not being able to deliver certain services? The financial management of the department is the key area under the spotlight when it comes to such decisions. Fresh approaches that may include sharing of services within the provincial government, outsourcing and the exploration of Public Private Partnerships need to be given serious consideration.

### Budget constraints

When it is necessary to reduce expenditure certain positive factors could influence politicians and officials, such as measures in programmes that are more cost efficient and effective for delivery and governance. On the other hand, there are also negative factors such as what measures and programmes could increase individual popularity with the voters or hierarchy.

### Provincial revenue raising

What nature and level of taxes and levies can be raised to minimize collection costs and maximize actual revenue without increasing tax evasion? The sustainability of such surcharges will rely on an understanding from the residents in the province for the reasons for such surcharges together with transparency and accountability for the use of such revenue.

### Provision for future expenditure

The Medium Term Expenditure Framework ensures that there is reliable planning about forward estimates and a realistic approach to capital carry-overs and borrowings. The Public Finance Management Act for the first time legislates against all overexpenditure. Provincial Departments will have to account through the Public Accounts Committee for such unauthorized expenditure, whether justified or not.

### **Budget cycle**

The budget is a statement about revenue and expenditure. The budget cycle (see Table 2) begins with the process of prioritization and planning and closes with adjustments, which are revisions to the original estimates of revenue and expenditure. Unauthorized expenditure is not passed in the Adjustments Appropriation Bill but is dealt with by the Public Accounts Committee. The recommendations made by this Committee are presented in a report adopted by the Legislature and later dealt with in the Unauthorized Expenditure Bill deliberated upon by the Finance Committee.

### **3**

## **WHAT IS THE PURPOSE OF THE BUDGET?**

“The purpose of the budget is to bring about a better life for all...it is about transforming our country together”. Former President Nelson Mandela, South Africa

The key question that informs the process of prioritizing and re-prioritizing is the purpose of the budget. This is the challenge for the executive and the question that the Standing Committee of Finance must grapple with as it evaluates the budget tabulated in the Estimates of Revenue and Expenditure (White Book) and detailed in the Budget Statement. The budget must be unpacked as a political tool, economic tool, legal tool, planning tool, and a tool for: allocation, reallocation and redistribution, and an accountability mechanism.

#### **Political Tool**

How does it reflect government policy, the needs and well being of the community, civil society generally, the private sector, and the public service? The values of the government of the day inform policy, therefore the budget involves value judgements and trade-offs, which is why officials involved in supporting policy-makers and decision-makers need to understand the government’s political philosophy and policy platform.

#### **Economic Tool**

As an economic tool, how does the budget build the economy and influence where investment is directed, promote sustainable employment and contribute to a positive national savings pattern, among other issues? How the budget as an economic tool underpins the political objectives should consider among other issues the following five:

- Sustainability of measures to be taken;
- Trajectory, acceleration and targets of economic growth;
- Areas where jobs can be realistically promoted and created;
- Initiatives that will influence the redistribution of income and opportunities; and
- Development of competitive industries.

#### **Legal Tool**

Does the budget comply with the constitutional requirements and relevant legislation and spirit of participatory democracy? How far does the budget comply with the protocol of financial and fiscal legislation and in particular the Public Finance Management Act of 1999? The point to keep in mind is that government can only spend money that has been appropriated through

appropriation bills. There are special and strict procedures for the passage and passing of money bills.

### **Planning Tool**

Given that policy and planning are simply each end of the same continuum, this tool must by its very nature balance its strategic reviewing mechanism within the environment, but particularly the economic environment. Political and administrative officials must determine how much money their respective departments will spend and estimate how much provincial revenue they will raise. This is then consolidated with their respective division of the national revenue allocated to the province, which is about ninety-five per cent of total provincial revenue. Thus, under consideration are the following issues:

- Government expenditure plan;
- Revenue raising initiatives;
- Forward estimates process using the three-year Medium Term Expenditure Framework;
- Provincial Treasury assumptions, such as inflation and the aging process;
- Departmental assumptions, such as geographic shifts of a school going population; and
- Winning the bid to host the All-Africa Games.

### **Allocation, Reallocation and Redistribution**

This refers to strategies, and mechanisms to allocate not only financial resources but also for example human resources and equipment, which reflect the social and political priorities. The income redistribution occurs largely through the national budget but also through the raising of own revenue and targeted redistribution. The tourism levies for example can be used to promote development of emerging entrepreneurs and operators from previously disadvantaged groups. There are three key critical elements to ensure responsible, reliable and robust allocation, reallocation and redistribution of all provincial resources:

- Prioritize, prioritize and re-prioritize expenditure;
- Equitable, efficient and effective measures; and
- Accessible, available and affordable mechanisms.

### **Chain of Accountability**

In its narrowest context accountability requires that taxpayers be informed about how their money is spent. Such a view focuses on only the last few links in the chain of accountability. The following elements comprise the chain of accountability with respect to revenue and expenditure in the budget cycle.

- Engagement with the executive early on and regularly in the budget cycle (see Table 3 at the end of Section 5, "Budget Oversight Process by Gauteng Legislature") beginning with the prioritization and planning stage and moving on through the implementation and spending stage, right through to the adjustment stage through quarterly reports. The budget statement should begin with a section on the department's vision, objectives, and identified priorities that the programmes are intended to address;
- Accessible documentation that unpacks the budget: a budget statement, a budget review, and a submission format, which is dealt with later at length

(see budget format guidelines Section 7, Written Submission Departmental Format);

- The budget statement should detail expenditure from the programme level rather than the departmental level. Actual expenditure of the previous year should be noted alongside the original planned estimate of expenditure and reasons for the revisions. This is very helpful when comparing trends;
- The contextual scaffolding comprises: cost-drivers, the linkage between inputs and outputs and their joint relationship to outcomes as reflected in the MTEF, and finally systems and procedures that enable delivery;
- The whole question of value for allocated financial resources brings in the three-sided challenge of focussing on core functions, individual and programme performance, and financial management;
- The Public Finance Management Act of 1999 will give great leverage to this broader understanding of accountability in the budget.

## THE BUDGET PROCESS AND GOOD GOVERNANCE

“A key subset of general governance is fiscal governance... Good governance necessitates an appropriate blend of accountability, transparency and efficiency in the use of public money”. Dr. Iraj Abedian

In the last five years there has not simply been a change in the instruments of public management in South Africa, but also a change in the style and mode of governance. There has been recognition in the public service of a culture of performance and accountability.

Budgeting is at the heart of good governance, with its emphasis on accountability, delivery and transformation. The deepening of the fledgling democracy relies on cooperative governance, which is entrenched in the Constitution. It also involves the active engagement of civil society, a capacitated administration, and an alert legislature that exercises its oversight vigorously. It demands that outputs be linked directly to the identified outcomes at not only departmental level but also at the level of programmes and sub-programmes.

The fundamental process of transition required in South Africa, and perhaps more particularly in Gauteng where the imbalances are more sharply etched, highlights the imperative of budget reform. This section deals with the reform of the budget, which includes public resource allocations, financial planning, financial management and the budget process.

Budget reform depends on sound policies, appropriate institutional design and functional government structures, which enhance robust inter-governmental fiscal relations. While there are several compelling reasons why budget reform is critical, nevertheless two are pivotal. As Dr. Abedian puts it “...the efficiency of government spending can affect a country’s rate of economic growth as well as the welfare of the country’s citizens”. The challenge is the utilization of the very limited financial resources to maximum effect.

The new budget process reflects the commitments made in 1994 by the new government to transform the system of public-sector spending. The following elements are designed to increase the political, social and economic integrity of the budget and to ensure a sense of public ownership:

- Greater political involvement in the development of the budget;
- More robust estimation of the revenue envelope by taking into account economic growth, revenue collection, inflation and national borrowings;

- Introduction of transparency;
- Constitutionally empowered legislatures to scrutinize and amend budgets;
- Provincial fiscal autonomy over the allocations of their total revenue (about ninety-five percent of which arises out of the Division of Revenue from national);
- Provincial deliberations on the national budget through the National Council of Provinces;
- Multi-year budgeting; and
- Inputs from civil society.

### 4.1 Constitutional Provisions Relating to the Provincial Budget Process

Certain fiscal relationships between the provinces and the national government are clearly defined in the Constitution enacted in 1996, which came into effect on 4 February 1997. Chapter 13 on Finance became effective on 1 January 1998. Thus, the first budget affected was the 1998/1999 Estimates of Revenue and Expenditure. The Constitution entrenches equitable fiscal sharing principles, and requires enabling legislation for the Medium Term Expenditure Framework and the re-institution of the Finance and Fiscal Commission.

There are also clear provincial fiscal governance provisions, which effectively ensure that provinces are no longer merely administrations but that they have the legislative capacity to budget. In short, provinces are not merely administrative agents of central government, but governments constitutionally capacitated to compile their own budgets and independently manage their own finances.

The Inter-governmental Fiscal Relations Bill seeks to give effect to financial and fiscal relationships under the new Constitution and is part of a constellation of important measures taken in this regard. It promotes cooperative governance between the different spheres of government on fiscal, budgetary and financial matters. Two important provisions of the Bill prescribe a process for the determination of an equitable sharing of revenue as embodied in a Revenue Sharing Act:

- Provinces are entitled to an equitable share of nationally collected revenue, as per section 214 (1);
- The equitable share of nationally collected revenue must be embodied in a Revenue Sharing Act (the annual Division of Revenue Bill).

Further significant provisions include the following:

- A provincial share of nationally collected revenue is the first charge against the revenue fund. Until recently the provincial budget first had to be passed by the national parliament since its share of the national budget is included in the so-called White Book as the provinces’ share of nationally collected revenue. In short, the Budget had to be passed by Parliament before a province could spend its allocation;
- In the new process, a Division of Revenue Act stipulates that the provincial equitable share of nationally collected revenue is a direct charge on the National Revenue Fund as provided for in the Constitution.



#### 4.2 Financial and Fiscal Commission (FFC)

The Financial and Fiscal Commission Act ensures that the functions and operations of the Commission are comprehensively regulated and give effect to the consultation of the Commission before certain legislation required by Chapter 13 of the Constitution may be enacted. The FFC is required to comment on three matters in Division of Revenue Bills:

- The equitable division of nationally raised revenue among the three spheres of government (vertical division);
- The equitable inter-provincial share of nationally raised revenue (horizontal division); and
- Any other allocations made by national government to provinces, local government or municipalities, and conditions of such allocations.

##### 4.2.1 Vertical Division of Revenue

This allocation of nationally raised revenue among the three spheres of government has three technical variables that influence the determination of the vertical division:

- Defining what revenues are in (or out of) "nationally raised revenues";
- Determining the base (year or combination of years and budgeted and/or actual data); and
- Determining relative expenditure responsibilities juxtaposed with relative tax capacities to meet expenditures.

A fourth element is political in nature. The shares allocated to each sphere of government are a political decision taken by Cabinet. However, a consultative process generates the information on which this decision is made and involves two sub-national spheres and the Financial and Fiscal Commission. The role of the FFC, in particular, is to provide technical data and information, which informs the political process, including considerations of the Budget Council (Provincial focus), Budget Forum (Local Government), national and provincial Ministers of Finance, Cabinet and Parliament (National Assembly and the National Council of Provinces).

##### 4.2.2 Horizontal Division of Revenue

The inter-provincial sharing of funds formula is based on provincial demographic and economic profiles, as these provide an indication of the demand for basic services, particularly in health, education and welfare within the provinces. The components of the funding formula are:

- An education share based on the average of the size of the school age population and the number of learners actually enrolled;
- A health share based on the proportion of the population without private health insurance and weighted in favour of women, children and the elderly;
- A social security component, based on the estimated number of people entitled to social security grants;
- A basic share based on total population;
- An infrastructure backlog share;
- An economic output share, based on the estimated distribution of gross geographic product (GGP); and
- An institutional share divided equally among the provinces.

According to the input made by the FFC to Parliament on the 1999/2000 Division of Revenue, three factors informed the changes in the provincial formula as compared with the 1998/1999 formula:

- The macro-economic environment reflected a lower GDP growth, higher inflation, possibly lower revenue (although higher than expected revenue collection may obviate this) and changes to fiscal targets;
- Underlying demographic data as a result of the 1996 census (this is the first credible demographic data available to the government); and
- Other variables within the formula.

Although Gauteng's population has grown in absolute terms, its share of the national revenue available for horizontal division has fallen between the preliminary census figures and the final figures available in 1998. The national government has decided to phase in the equitable share of revenue over five years through to the 2002/2003 financial year.

In addition to the vertical and horizontal division of revenue there are conditional grants. In Gauteng this is largely directed to support health programmes, particularly central hospitals and medical training for public sector personnel costs.

#### 4.3 Medium Term Expenditure Framework (MTEF)

This multi-year budgeting system which was introduced in cooperation with national government and the provinces in 1997, works on a three-year expenditure plan that inter-links national and provincial governments. The *ad hoc* nature of rollovers, poor planning and ineffective expenditure has given way to robust planned expenditure. Final budget allocations to the provinces are the outcome of the MTEF process.

The first step in the process involves the indicative allocations that the national government and the nine provinces receive. These allocations take into account the national macro-economic strategy. After developing preliminary budgets based on these allocations, which are consistent with existing and new policy commitments, representatives of national and provincial treasuries and line departments prepare detailed analyses and review the implications of these allocations. These analyses then receive a political injection through an extended meeting of the Cabinet and provincial Premiers. This process yields indicative three-year allocations. See Table 2 on the South African Budget Cycle.

**TABLE 1**  
**MEDIUM-TERM EXPENDITURE FRAMEWORK**

**PROPOSED BUDGET FOR 1997/98**

(this table has been extracted from the White Book for the financial year ending 31 March 1999)

Votes	1998/99					1999/00 Voted	2000/01	2001/02
	Voted	Adjustments Estimate	Improvement of conditions of service	Adjusted appropriation				
	R'000	R'000	R'000	R'000		R'000	R'000	R'000
1 Department of the Premier	109 438	103 927		103 927		108 658	114 076	124 703
2 Provincial Legislature	53 053	63 053		63 053		71 376	73 990	80 952
3 Finance and Economic Affairs	293 471	424 894		424 894		119 920	86 757	94 038
4 Health	5 246 673	5 084 586		5 084 586		5 800 251	5 997 403	6 278 731
5 Education	5 828 004	5 850 877	234 585	6 085 462		6 423 509	6 732 852	7 040 614
6 Welfare	2 332 592	2 319 257		2 319 257		2 447 858	2 591 944	2 722 366
7 Housing and Land Affairs	104 137	104 023		104 023		97 454	106 294	115 203
8 Development Planning and Local Government	91 930	91 930		91 930		59 763	63 982	69 613
9 Transport and Public Works	831 177	1 171 198		1 171 198		823 694	581 789	909 764
10 Public Safety and Security	21 917	13 742		13 742		18 186	20 866	24 188
11 Agriculture, Conservation and Environment	93 992	92 579		92 579		105 766	95 882	104 326
12 Sports, Recreation, Arts and Culture	55 016	68 812		68 812		52 813	57 081	62 440
13 Provincial Commission	12 036	12 036		12 036		3 872	4 101	4 340
	15 073 436	A 15 400 914	234 585 b	15 635 499		16 133 120	16 827 017	17 631 278
				Increase/(Decrease)		497 621	693 897	804 261

<b>TABLE 2 SOUTH AFRICAN BUDGET CYCLE</b>		
<b>Date</b>	<b>Activity National and Provincial Executive</b>	<b>Activity Legislature</b>
March-May 1999	National and provincial government spending agencies review programmes and priorities and prepare cost estimates for 1999/2000 – 2001/02, coordinated by national and provincial treasuries	
Mid April	Lekgotla to discuss budget process. Agreement on principles governing process and indicative allocations, taking into account FFC proposals	
Mid April	Technical Committee on Finance discusses indicative 3 year allocations	
Beginning May	Budget Council agrees recommendation for indicative 3 year allocations	
Mid May	Cabinet meets with Premiers to agree indicative 3 year allocations, to agree the principles set out in this paper and to discuss the MTEF process	
Mid May	National Departments submit inputs for 2000 Budget and MTEF	
Mid July	Provincial Treasuries submit proposed medium term expenditure plans consistent with indicative 3 year allocations	
July, Aug, Sept	National and provincial departments participate in development of a consolidated Medium Term Expenditure Framework, coordinated by the Departments of Finance and State Expenditure	
Mid August		Department to present preliminary MTEF Budget to Standing Committee
Mid August	FFC submits recommendations on further adjustments to determination of provincial allocations	
End August	Biannual report on principles of respective department budgets	
1st week September		FFC to give a presentation to the Standing Committee

<b>Date</b>	<b>Activity National and Provincial Executive</b>	<b>Activity Legislature</b>
September to October	Medium Term Expenditure Committee meets with Departments to discuss MTEF allocations for 1998/99	
Early October	Draft MTEF to Finance Minister. This will be a consolidated document which includes national and provincial projections and discusses policy options, and the Department of Finance response to the FFC proposals	
Mid October	Draft MTEF circulated to Finance MECs	
Mid-late October	Budget Council discusses draft MTEF and FFC recommendations	
November	Presentation to Cabinet and Premiers of draft MTEF and FFC recommendations. The meeting discusses policy priorities and in the light of the likely implications for provincial services and the FFC recommendations, may amend the vertical and horizontal split	
Early November	(Possible) publication of draft MTEF, level of detail to be decided. Parliamentary Finance Committee holds hearings (NB: Parliament prorogues on 14 November)	
November (continue)	Medium Term Expenditure Committee discussions on national departments to finalise the actual allocations for 1998/99 in the light of Cabinet discussion, and make corresponding adjustments to MTEF. Provincial Treasuries update medium term projections consistent with consensus reached at Cabinet and any changes to the vertical and horizontal split. Final consolidated MTEF and recommendations to Budget Council and Cabinet compiled.	
November	Budget Council endorses final MTEF and Budget allocations	
Late November		Department presents MTEF to the Standing Committee
End November	Special Committee of Ministers on the Budget	
Early December	Cabinet, with Premiers, agrees final Budget Allocations and MTEF	

Date	Activity National and Provincial Executive	Activity Legislature
Early December	Executive Councils agree provincial allocations and medium term projections	
December	National Departments given final allocations	
Mid December	Printers proofs (draft pages for RP2) provided by national departments	
Early January 2000	Provinces provide final printer's proofs	
End January 2000	Functional breakdowns produced	
End January 2000	Budget report produced	Standing Committee to focus on "own revenue" generated (gambling, tourism, licences and hospitals)
Early February 2000		Interim reports from Departments
Mid February 2000	Allocations and final MTEF are published in the Budget	
March 2000	Provinces present their Budgets	

## 5 OVERSIGHT AND THE ROLE OF THE LEGISLATURE

"From whatever angle one looks at it, the budget is about the allocation of resources that affect people's lives". Dr. Iraj Abedian

Making good governance a living reality is what oversight seeks to develop as it deepens the culture and institutions of democracy. The aim of this section is to understand the role of the legislature in the budget process: its legislative capacity to influence, amend and debate the budget; and its constitutional function that requires that all budgets through the instrument of the Appropriation Bills be passed by the respective legislatures before money is authorized for expenditure. In the South African context the concept of the budget refers to both revenue and expenditure, unlike for example the United Kingdom in which the word budget commonly refers only to revenue.

The budget, that is, the Estimates of Revenue and Expenditure, reflects the policy of government which, through the rigorous prioritizing and re-prioritizing, accommodates the resource constraints. It is this definitive understanding of the budget that makes it the government's most important economic policy instrument. The budget of a country, and in the present context the provincial budget, is the clearest most unambiguous statement about the policy priorities of each province. The "votes" refer to amounts budgeted for in the White Book.

### 5.1 Exercising Oversight

With respect to the principles of the budget, the Standing Committee on Finance has a constitutional oversight and monitoring function over the Provincial Appropriations, i.e. the Estimates of Revenue and Expenditure submitted by Treasury and tabled by the MEC for Finance.

While there is a need for greater observer involvement of members of the Committee and indeed other Committees in the budget process, it is important not to compromise this oversight and monitoring function. In this respect there is a need to strike a balance between the principle of separation of powers between the Executive and the Legislature, and the principle of cooperative governance.

The Standing Committee of Finance deliberates on the principles of the budget, while the portfolio committees deliberate on the detail of the budget, i.e. the micro-linkages between outputs and outcomes of the various programmes in the respective votes.

### 5.1.1 Reviewing the Principles of the Budget

In line with the Constitution the role of the Finance and Economic Affairs Standing Committee is to focus on the principles of the budget, while the respective portfolio committees exercise their oversight and monitoring function on development of priorities within the votes, programmes and sub-programmes of the various votes. However, the link between the principles of the budget and the detail of the budget is clearly the expenditure pattern that develops out of policy priorities for delivery and the effective and efficient use of cost drivers.

The function of the Standing Committee of Finance is therefore to analyse the budget in such a way that it is able to discern the intentions behind the proposed revenue and expenditure, and establish the effectiveness and efficiency of such expenditure and the collection of own revenue.

In 1996, the Standing Committee of Finance and Economic Affairs in Gauteng developed an outline for written departmental submissions relating to the 1997/1998 Financial Year Estimates of Revenue and Expenditure. This underwent several revisions to first of all accommodate the MTEF process and later in April 1999, to ensure it took effective account of all Treasury legislation that had been passed during the first term of the Gauteng Legislature.

This was to ensure that policy objectives, cost drivers, input, outputs, outcomes and performance measures were succinctly presented in an accessible manner to the Committee. This document, termed "The Budget Written Submission Format Guidelines", is explained in detail in section 7. In short, it recognizes that the budget is about the equitable, efficient and effective allocation of scarce resources that affect the lives of people, and the measures adopted and/or proposed to deliver services in an accessible and affordable manner.

### 5.1.2 Reviewing the Detail of the Budget

After the debate on the Principles of the Budget each portfolio committee exercises its oversight on the detail of the respective votes in the budget. For example, the Health Standing Committee reviews the health vote. The legislature budget is also scrutinized and deliberated upon and presented to the House for debate. In Gauteng this vote has been dealt with by the Finance Committee, but more recently by the Internal Arrangements Committee.

All votes are referred to the respective committees of the legislature by the Speaker, who may use his/her discretion with respect to the votes without portfolio committees. For example in Gauteng, the Premier's vote is dealt with by the Public Participation and Petitions Committee.

## 5.2 Oversight Role of the Legislature

This exercise demands serious study of the Estimates and related submissions from the Treasury and Departments dealing with the respective votes. The respective committees deliberate on the estimates and related submissions from the executive, as well as the inputs and comments from civil

society and other sectors. The Standing Committee on Finance also obtains a macro-economic analysis of the provincial budget. This enables the Committee to develop a balanced view of the implications of the budget for the province, together with its impact on neighbouring provinces in the first instance and the country as a whole.

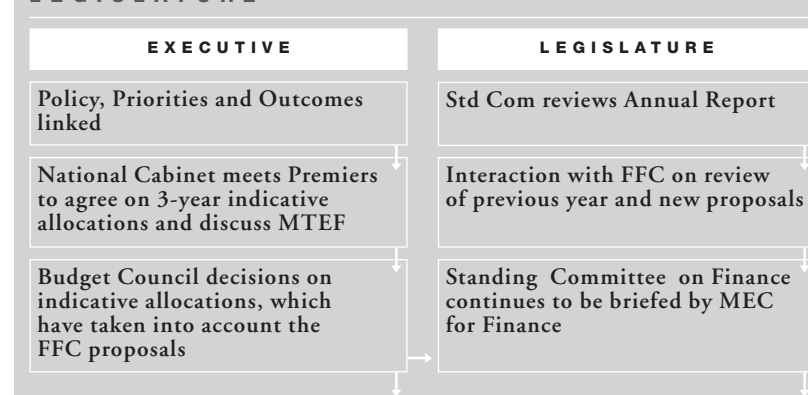
This engagement of the elected representatives of the people with civil society and the executive seeks to ensure that a broad commitment is made from communities, and from different sectors, to the choices spelt out in the budget. It also ensures that a process of consultation by the executive has taken place during the budget process. It is this robust participatory process that encourages broad ownership of the budget.

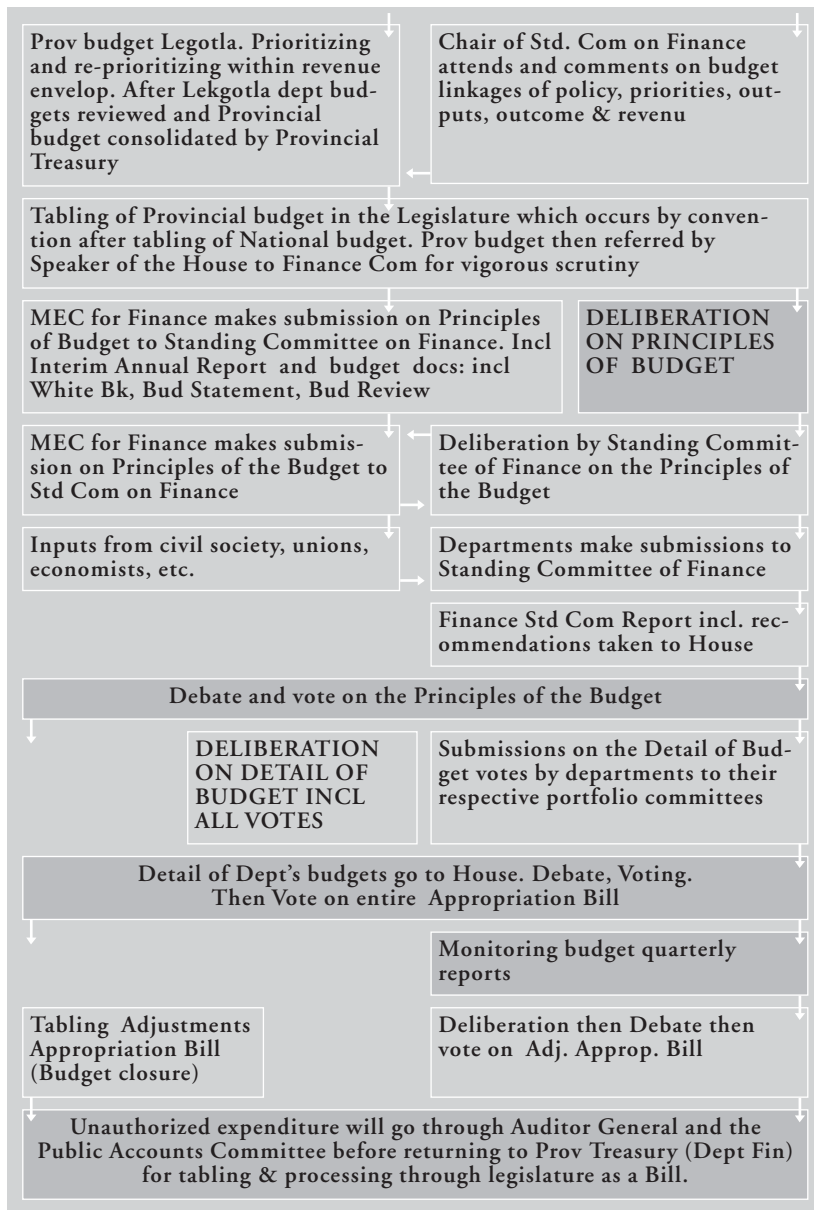
The provincial legislature now has the power to amend the provincial budget, and shifts within votes and between votes require the endorsement of the legislature. So, while the new budget process is inclusive from its earliest stages, the nature of the participation of the legislature does not prevent it from exercising its oversight role. The new process basically removes the cloak of secrecy.

### Role of the Financial and Fiscal Commission (FFC)

Given its constitutional function, the FFC is a key political instrument to ensure effective conduct of inter-governmental fiscal relations. There is a healthy tension between the roles of the FFC and the Department of Finance, which contributes to the dynamic development of robust policy, sound public finance, and the integration of policies and planning with financing to construct a realistic budget. As such, the legislature can and should use the FFC for assistance in the understanding of the division of revenue.

**TABLE 3**  
**BUDGET OVERSIGHT PROCESS BY GAUTENG**  
**LEGISLATURE**





6

## THE STANDING COMMITTEE OF FINANCE AND THE BUDGET

If the budget is a reflection of the government's policy then without a doubt, the Standing Committee of Finance when it exercises its oversight over the budget makes an assessment of the progress achieved against the fiscal targets and fiscal principles, and it also projects the position of government.

Through this oversight role of the Standing Committee the legislature holds the executive accountable, creating a healthy tension between the executive and the legislative arms of government. This calls for robust inquiry into the inputs, outputs and outcomes, but largely the latter two, and an understanding of current macro-economic environment with an evaluation of the prioritization of programmes within provincial policy and budgetary constraints. Some of the principles, grappled with in the context of past trends, policy and prospects in the new budget, are the following:

- Adherence to fiscal targets;
- Sustainability of or increase of the governmental sector net worth;
- Personnel expenditure, recruitment, retention, retrenchment and of course improvement in conditions of service;
- Asset maintenance;
- Constrained growth in net cost of services and outlays;
- Prudent risk management; and
- Own revenue initiatives and maintenance of existing own revenue streams.

Policy, planning and priorities are scrutinized to evaluate the nature and degree of fit between the three principles. Fiscal targets and social and economic priorities can only ever become a reality if prioritizing and re-prioritizing becomes, in the Minister of Finance Trevor Manuel's words, "our mantra". This harmonization of fiscal and other resource constraints with social needs and commitments was not possible under the previous fragmented blueprint paradigm and incremental budgeting approach to budgeting.

Under the Constitution prevailing prior to 1993, the role of the Standing Committee of Finance was to act as an efficient "rubber stamp" that expedited the legislative endorsement of the allocations developed by Function Committees. Under the Interim Constitution but more especially the 1996 Constitution, the Standing Committee of Finance is expected to exercise its oversight robustly, to the extent of making amendments. Such powers have yet to be fully exercised by the Committee, however, the foundations are

laid and have been underpinned by the Public Finance Management Act and other related Treasury legislation. The Committee is also expected to consider whether the budget lays the basis for sustainable economic development and delivery of adequate social services to improve the quality of life of the people in the province.

### 6.1 Policy Framework

The integrity of the budget is appraised within a policy framework bounded by the Reconstruction and Development Programme (RDP) driven by the Growth, Employment And Reconstruction strategy (GEAR) and operating according to the guidelines of the Medium Term Expenditure Framework (MTEF) given the constraints of the revenue envelope.

The Committee, in exercising its oversight function on the integrity of the budget principle and in translating the budget proposals into law, analyses the principles of the budget with respect to three core policy issues.

■ The Reconstruction and Development Programme (RDP) is a policy framework within which the government works to pursue its objectives of creating a non-racial, non-sexist democracy and economically viable society;

■ The Growth, Employment and Redistribution Strategy (GEAR) is the macroeconomic strategy implemented to realize the policy objectives of the RDP; and

■ The Medium Term Expenditure Framework is a three year cooperative process, which recognizes that the budget is not simply one event but a process of prioritization involving several interactive steps and engagements flowing in two parallel streams of CAPEX and operational expenditure.

### 6.2 Core Policy Issues Unpacked

The Standing Committee on Finance takes into consideration its deliberations on the respective Appropriation Bill and later comments on its report that it presents to the House for adoption. The report may include recommendations. A list of issues considered by the committee is presented below.

■ To what extent do the provincial budgets interface with the RDP policy framework, which is designed to take us into the next millennium?

■ Are provincial policy priorities clearly reflected in this budget, i.e. is it endorsing transformation?

■ To what extent will the budget meet the targets defined in the Growth, Employment and Redistribution Strategy?

■ Is there a balance between the imperatives of fiscal discipline and the commitment to an equitable delivery of social services?

■ In terms of budget reform, to what extent does the Medium Term Expenditure Framework explicate the expenditure implications of policy commitments; and has the integrity of provincial policy commitments been retained in the consequent reprioritization?

■ What alternatives/options were available to political decision-makers faced with competing priorities for expenditure?

■ What is the economic context within which expenditure is committed?

■ How realistic and innovative are the revenue projections? Over the next three years will the province receive an equitable share of revenue?

■ Should provinces begin exploring additional levies and other forms of

taxation options within the national statutory framework?

■ What is the status of revenue, for example income from hospitals and transport licences, and how robust are collection measures?

■ What measures have been introduced or have been developed to increase equity, efficiency and effectiveness?

■ What efforts have been taken and are contemplated to influence policy changes to effect a reduction in personnel costs? Have measures been pursued exhaustively, given current policy in the public service?

■ What precisely is the nature of the capacity within the provincial administration as a whole and within departments as separate units?

■ What are the financial implications and consequences for effective delivery of the challenge presented by the computer date problem associated with the year 2000? What strategies have been developed and what are the envisaged time frames?

■ How far do outcomes reflect policy and output commitments made?

### 6.3 Accessible Reporting Measures

There ideally is a dynamic engagement between the executive and the legislative arms of government. The goal is to enhance the process of accountability and transparency. Thus, a format has been developed to achieve the following objectives, among others:

■ Provide a concise summary of each respective vote noted in the White Book. This should complement rather than duplicate the information in the White Book. The standard items in the White Book are not transparent and they may confuse rather than clarify the understanding of the allocation of expenditure. In the 1999/2000 Financial Year, the Gauteng Provincial Treasury developed a Budget Statement, which begins to unpack the White Book. This uses a programmatic approach to the budget, increasing budget accountability and transparency;

■ The presentation should facilitate comparison between departments and within departments from one year to the next;

■ The presentation should concentrate not only on financial information but also on performance indicators, efficiency, economy, sustainability, and progress towards transformation;

■ Strategies to achieve fiscal decisions, given the constraints, and bring about expected delivery outcomes should be clearly defined with transparent trajectories identified;

■ Heads of Department (HODs) and financial managers, through the MEC for Finance, were invited to a briefing on the need for such an approach and how to comply with the format. All the departments actively interacted with the Standing Committee of Finance. Their cooperation has ensured that the Written Submission Budget Format is pertinent to the oversight function and monitoring of the legislature and contains a constructive set of operational guidelines;

■ The succinct and pertinent approach of the format, developed for the 1998/1999 budget, has effectively assisted departments to make more focused submissions and the Standing Committee of Finance in its exercise of oversight of the integrity of the respective votes with respect to the Principles of the Budget;

■ Given the success of these format guidelines on the budget principles the Committee resolved jointly with the portfolio committees to develop a

set of guidelines to use in the oversight of the Detail of the Budget. As already noted, this format focuses on the estimates of the new financial year while the Interim Annual Report focuses on the challenges and achievements of the previous financial year's budget.

#### 6.4 Methodology Used to Exercise Oversight

In exercising the function of oversight, the Finance Committee can use a number of analytical tools and approaches in their appraisal. The function of duly elected committee members is to ensure that resources are not only effectively allocated, but also effectively employed and configured in a sustainable manner to realize the policy priorities of provinces.

##### 6.4.1 Quantitative tools

The Committee uses several quantitative tools, including statistical tools.

The following key indicators were identified and quantified:

- GDP per capita;
- Planned government expenditure by department;
- Inflation rate;
- Degree and substance of transformation;
- Quantification of CAPEX;
- Measures to reduce personnel costs;
- Impact of capacitating constraints on delivery; and
- New formula for revenue allocations.

##### 6.4.2 Qualitative Approaches

Qualitative approaches to appraise the budget include aspects of the format, annual reports and the presentation by the department on its budget with the opportunity for the Committee to explore through questioning the finer points of the principle of the budget. Certain qualitative parameters, such as the economy, efficiency, effectiveness and sustainability, were applied using the following operational definitions:

■ **Economy:** meaning spending less and without compromising results. It is concerned with minimizing the costs of inputs at a satisfactory quality, and an acceptable delivery timeframe;

■ **Efficiency:** meaning doing things right. It is concerned with how well resources are allocated to produce results. Are the measures, procedures and personnel efficiently deployed, and what other factors could influence their results?

■ **Effectiveness:** meaning doing the right things. Thus, the budget estimates and the planned results are examined in the context of expected outcomes. How successfully will the outputs of deliverables achieve the objectives and contribute to wider strategy and policy goals in the province?

■ **Sustainability** is about linking operational expenditure to CAPEX and ensuring a complementarity between short-term, medium-term and long-term measures. Sustainability is also about institutional and structural complementarity with resources, given the budget priorities of:

- meeting the basic needs of the people;
- accelerating infrastructure development;
- laying the basis for sustained economic growth and job creation;
- developing human resources;
- ensuring the safety of people in provinces in particular and in South

Africa in general; and

-transforming the organs of government to reflect the developmental and people-centred nature of democratic government.

■ The Standing Committee on Finance has identified ten key elements that characterize a sustainable budget. In the active engagement during the submission process and scrutiny of documents, the following factors are considered:

- selection of focal and other priority areas of concentration and programmes within these areas;
- specification of broad goals for the focal and other priority areas;
- specification of strategies to achieve departmental goals and programme objectives through the identification of the types of activity/project to be reflected in the delivery programme;
- identified expected outcomes and outputs;
- budget constraints and contingency plans;
- financial management measures;
- integrated areas of commonality, e.g. IT;
- capacitating measures;
- realistic configuration of human resources;
- getting the best outcomes out of transfers.

■ Sustainability is also linked to the technological environment. The Committee examines the following issues in this regard:

- use of appropriate technology;
- development of an appropriate financial management system;
- development of appropriate communication means and methods;
- availability/access and use of computerization;
- capacitating of workforce in appropriate skills;
- training support.

##### 6.4.3 Institutional design and budget reform

Institutional design cannot be a mechanical exercise. Rather, institutional design poses important normative, political and symbolic issues that reflect the constitutional thinking that embraces the new state of South Africa. Therefore, sound policies and budget reform are critical for the process of transformation.

In relation to budget reform, it is important because the organization of structures to deliver policy is not only a technical approach to the allocation of resources, but it also establishes the development of inter-governmental financial and fiscal relationships.

South Africa has had to develop new instruments, procedures and mechanisms, to secure sound policy and budget reform that is dynamically informed by the Constitution. Institutional design has to deal with competing values and is contextualized in the current socio-economic environment.

This underlines the focus on core functions. For instance, outsourcing through Public Private Partnerships (PPPs) and Small, Medium and Micro Enterprises (SMME) are among key strategies to address service delivery and the legacy of imbalances. In Gauteng, the concept of shared services



within the government aims at the improvement of the allocation of scarce resources together with a more effective government structure, for instance financial administration provided by Treasury for the larger departments such as Health and Education.

On the other hand, when the provision of a good or service requires a high degree of altruism and dedication, when there is a substantial risk of opportunism, and when the specification and monitoring of performance is difficult and costly, then outsourcing may not be the best option. However, shared services run as business units is an internal option, which offers the advantages of outsourcing as well as public service administration and management of the good and/or service.

Then there is the sectoral versus the functional approach with reliance by the former on vertically integrated organizations. The danger in this approach is that when the operational interests of a department dominate the decision-making process, then policy options with a negative impact on the provincial policies as a whole may be adopted.

Over the last five years the government has developed a unique range and combination of public sector institutions, reflecting the history, culture, values, bureaucratic traditions, constitutional arrangements, and economic imperatives. Among the many instruments influencing good governance, three deserve particular mention: the role of the state; the constitutional framework; and the prevailing administrative doctrines and theories of organizational design.

The country's bureaucracy will be influenced by the constitutional framework within which the institutions of the state must operate. For example, federal versus unitary and presidential versus parliamentary. However, South Africa has adopted cooperative governance, which seeks to harmonize the most effective functioning of financial and fiscal governance. This has been implemented by the Inter-governmental Fiscal Relations Act of 1998.

## 7 WRITTEN SUBMISSIONS BUDGET FORMAT GUIDELINES

Budget reform has played a crucial part in the process of transformation. The mantra from government has been and will continue to be: reprioritize, reprioritize and reprioritize. Consequently, the reporting cycle for the exercise of oversight by the legislature on the budget has also acquired an active characteristic, where priorities change and new demands emerge.

The budget submission to the Finance and Economic Affairs Committee is the first stage of this reporting cycle. This submission complements the annual report, which cannot cover the budget oversight effectively, given its requirements of focussing on the previous year with a visionary glimpse into the next year. Hence, the focus on the submission shifts away from the previous year, placing a greater weight on the planned expenditure for the next year. Moreover, this submission represents an opportunity for the legislature to enhance transparency in the budget process and enforce its statutory oversight duty. The written submission forms part of a presentation by the department, which is then followed by clarifications, questions and responses.

The proposed format strives to achieve the following objectives:

- Provide an explanation of the tabulated figures contained in the estimates of revenue and expenditure (White Book) and the Budget Statement;
- The information given should complement rather than replicate the figures in the White Book and the Budget Statement;
- The presentation should facilitate comparison between departments and within the department from one year to the next. Moreover, the application of the principle of prioritization based on the core function of the department needs to be clearly reflected in the budget;
- The submission should concentrate not only on financial information but also on performance indicators, efficiency, economy and progress towards transformation within the financial and fiscal parameters set out in the MTEF. Thus, departments are encouraged to identify and communicate their areas of successful delivery, together with an evaluation of their performance;
- The submission should have a visionary character, where the linkage between output and outcome goes beyond the present budget and is set within a three year expenditure plan;
- Graphical representations of trends should be provided in order to facilitate the analysis of the budget (e.g.: current and capital expenditure, personnel expenditure and core and non-core functions);
- The ultimate objective is to recognize gaps and problem areas based

on the parameters of performance defined in the MTEF. Inputs are noted in the MTEF, however the emphasis is now placed on the linkage between output and outcome, effectively shifting the measurement of performance from a simple savings perspective into a more delivery-driven model.

The process of budget reform began with the interim Constitution in 1993. In the past the duty of parliament to assess the budget cycle was extremely limited. On the one hand, there was no real attempt to enforce accountability, and on the other, parliament did not have any power invested in it to enforce or to punish fiscal misconduct.

Today, important pieces of legislation have been introduced, such as the Inter-governmental Fiscal Relations Act, the Financial and Fiscal Commission Act, and more recently the Public Finance Management Act. Essentially, the ultimate objective has been to improve the credibility of government through the enforcement of the principles of transparency and accountability, thus making fiscal discipline a requirement to ensure the integrity of the budget process, balancing the social needs within the boundaries of the current economic environment. These new Acts have empowered Parliament (Parliament consists of the National Assembly and the National Council of Provinces) and Provincial Legislatures to not only scrutinize the budget process within a forward looking three year expenditure plan, but also, if necessary, to apply sanctions before any incident of fiscal misconduct.

The principle of the budget is concerned with the global allocation of financial resources to comply with the identified priorities of the provincial socio-economic environment set within the boundaries of national policy. Moreover, the structure and system of financial management is assessed on its capacity to facilitate fiscal discipline without interfering with delivery priorities, ultimately balancing affordability and accessibility against the reduction of government expenditure. Finally, the principle is also concerned with the integration and implementation of programmes that cut across departments, for instance the AIDS campaign.

The detail of the budget, in contrast, places its emphasis on the micro-management moving beyond the national or provincial policies. It thus assesses directories, programmes and subprogrammes in terms of their financial management, structure and capacity in place and the link between output and outcome.

The Finance and Economic Affairs Standing Committee deals with the principles of the provincial budget, and the respective portfolio committees deal with the detail of the budget. Those budget votes that do not have a standing committee are referred at the Speaker's discretion to a particular portfolio committee.

In Gauteng, the Finance and Economic Affairs Standing Committee also exercises the oversight on the detail of Vote 3, the Department of Finance and Economic Affairs. The budget of the legislature, notwithstanding its constitutional independence, is scrutinized and subjected to the evaluation of a portfolio committee to which the legislature agrees to make itself account-

able. The Finance and Economic Affairs Standing Committee in Gauteng deals with the principles of this vote, and the Internal Arrangement Committee deals with the detail.

#### **Departmental Written Submission Format**

Annex I sets out the format, which is currently followed when preparing the written budget submission for presentation to the Finance and Economic Affairs Standing Committee. The document consists of:

- a cover page;
- an index; and
- an explanation of the detail required in each section.

Ideally, the whole document should be between 20 and 40 pages, depending on the number of directorates within the department. Obviously, some sections have more relevance to some departments than to others. Each department should use its own discretion in determining the level of detail to be given. The suggested format, however, should be followed as closely as possible.

## PUBLIC PARTICIPATION

“Public participation in the budget recognizes that people have the political responsibility and the right to determine their political destiny and to ensure that priorities in the budget will positively transform their lives and that of their communities”. Trevor Fowler, Speaker of the Gauteng Legislature, South Africa



FIRST SPEAKER, TREVOR FOWLER

It is important for citizens to feel a sense of ownership of the budget, which will be used to allocate resources for the prioritized delivery of services in line with the RDP. This sense of ownership is developed through engagement by the government with the people through the executive and the legislature.

Concepts of accountability and transparency in the budget process have been given constitutional substance under an ANC-led government. The voice of the people can no longer be ignored during the decision-making processes of the budget, especially when prioritizing and re-prioritizing. The priorities of the provincial government are education, health, housing, and people's welfare and safety. However, job creation is a thread to which all are linked; and fiscal discipline, financial management and revenue generation are essential to ensure an environment for delivery.

The people can participate in the work of the legislature in the making of laws, presentation of suggestions and concerns through committee meetings and public

hearings. The provincial “Estimates of Revenue and Expenditure”, which is processed as a piece of financial legislation, is known as the Provincial Appropriation Bill of each respective financial year. There is also the individual MPL engagement with the people through constituencies, which involves regular briefings and opportunities to up-date the needs, concerns and aspirations of the citizens.

Through engagement with the executive, during the germination of the budget, the people can make known their needs, concerns and aspirations, which is done through interaction with communities and the different sectors. This process of active engagement of the executive with the citizens is essential to the prioritizing and re-prioritizing process. Civil society can best articulate the needs of the community about which politicians and bureaucrats can often at best only speculate.

So, when can the needs and concerns of sectors such as, the youth, women, and the disabled best be assimilated in the budget priorities? The following are intervention opportunities that Gauteng has found increasingly more effective over the last two years, although it recognizes it has much further to go.

- Regular engagement with the executive during the year prior to the new financial year;

- Examine the Interim Annual Report, which should be out in January prior to the closure of the current budget on 31 March of a respective year. Members of civil society, for example youth and women, should evaluate how far the budget has delivered on their needs, concerns and development within the broader transformation and development of people, in the province and the country in general;

- This written assessment after grass-roots engagement should then be given to the respective MECs. Such engagements take place through direct meetings, workshops, seminars and forums. The assessment should also indicate priority target areas for the new budget to take into account. Comments after the budget has been tabled in March have limited capacity to influence re-allocation of resources;

- Regular engagement between the legislature, through its portfolio committees and the finance committee, and members of civil society. These meetings should include the youth, women and the disabled, together with different business sectors;

- All matters that relate to effective democratic governance form the substance of such engagements, including budgetary allocations and the efficient, effective and affordable delivery of services. Issues relating to health would go to the Standing Committee on Health. And in cases when issues cut across departments, for example job creation and AIDS campaigns, the committee overseeing the department heading the project should be engaged together with the finance committee. In particular, in macro issues affecting allocation of resources, the finance committee should be seen as a reference point for engagement;

- Such engagement with committees takes place through attendance at committee meetings, which are open to the public, at hearings and forums, and through the visits of the committees to the various projects, sites, offices, establishments and communities where delivery is taking place. The media also attend such meetings. There is also the opportunity to listen to the debates on legislative issues and questions and responses from the respective MECs;

- Members of the Provincial Legislature also regularly engage with the members of the communities in their respective constituencies by not only holding public meetings, but also by being available in their constituency and satellite offices;

■ In Gauteng the Standing Committee on Finance and Economic Affairs has invited representatives from civil society (these include youth, women and the disabled), established and emerging businesses and economists to make regular inputs into the implications of the budget allocations;

■ Some portfolio committees, including Health, Education and Welfare, have held several seminars and hearings on the areas for transformation and how the necessary resources can be identified, allocated and delivery implemented in an efficient, effective and affordable manner that is accessible to the target groups;

■ There is also the Public Participation and Petitions Office, established by the Gauteng Legislature to give real impetus to the principle of participatory democracy. This office falls under the Public Participation and Petitions Committee, which deals with petitions for which local and provincial governments are directly responsible;

■ For example, local government is responsible for local sports facilities and street trading, while provincial government is responsible for provincial roads and ambulance services. There are also shared responsibilities such as housing. However, certain issues relating to the private sector are dealt with through other institutions of state, such as the Human Rights Commission and the Small Claims Court. Such petitions often lead to an examination of legislation and regulations and if necessary the formulation of amendments.

The underlying principle in public participation is to ensure that governance is not divorced from the people, but that it forms an integral part of the community and the province, thus the quality of life of all the people in the province is improved. Only in this way is the budget an instrument of policy implementation and transformation. Therefore, the government is evaluated by the electorate on the budget priorities and delivery, which is one of the reasons for the traditional no-confidence debate on the budget.

## Annex I

# SAMPLE BUDGET PRESENTATION

### I. Introduction

The following annex contains a sample budget presentation for a given department. The presentation assumes that the interim report has already been presented. The focus now is on highlights from the present year, with a greater degree of significance given to the planned expenditure for the following year and a clear indication on how the budget fits into the MTEF program must also be provided.

The introduction should include the following:

#### I.1 Background information

Background information relating to department's objectives, visions, mission and goals. If the interim report has not been submitted, information must be provided summarizing the major points that should have been included in the interim report.

#### I.2 Significant changes

Significant functional and operational changes within the department, with an emphasis placed on what the department envisages for the future.

#### I.3 Financial management and IT

A statement on the adequacy of the financial management within the department, areas such as the FMS, PERSAL, and other computer systems in use, internal controls, asset safeguarding and internal audit should be covered. In addition information on the implementation of BASS should also be presented. Information must be provided in detail with performance measurements, and where problem areas have been encountered suggestions for solutions must also be provided.

#### I.4 Performance measurement

An overview of how the department intends measuring performance, not only in financial terms but also in terms of output/delivery. A statement should be made as to whether or not performance/delivery outputs have been budgeted for in addition to the financial budget.

#### I.5 Major risks

The committee would like the department to identify what it regards as the major financial risks facing the department (at least 3 risks should be provided).

### 1.6 Good ideas

The committee would like the department to identify what it regards as the good ideas it has come up with in its plans for 1999/2000 (ideally this should be at least 3). These should specifically focus on good ideas that had and or will have a positive impact in the budget and the department's delivery capacity.

### 1.7 Summarized budget

Total budget for the department should be analysed as follows:

	Column A	Column B	Column C	Column D	Column E
Standard items	Budget 99/2000	Adj.Bud 1998/99	% Change	Budget 2000/01	Budget 2001/02
Personnel Expend.	XXX	XXX	XX	XXX	XXX
Admin. Expend	XXX	XXX	XX	XXX	XXX
Stores and livestock	XXX	XXX	XX	XXX	XXX
Equip	XXX	XXX	XX	XXX	XXX
Land/buil-dings	XXX	XXX	XX	XXX	XXX
Prof and Spec services	XXX	XXX	XX	XXX	XXX
Transfer payments	XXX	XXX	XX	XXX	XXX
Misc. Expend.	XXX	XXX	XX	XXX	XXX
<b>Total</b>	XXX	XXX	100	XXX	XXX

Column B should reflect the Adjusted Budget figures

$$\text{Column C} = \frac{\text{Column A} - \text{Column B}}{\text{Column B}} \times 100$$

Please give reasons for major fluctuations. Acknowledgement of the impact of inflation must also be considered, particularly in terms of personnel expenditure

## 2. Achievement of 1998/99 budget

Details of the actual income and expenditure will be given in section 4 below. The purpose of this section is to disclose the performance of the department in terms of the link between output and outcome.

### 2.1 Performance measurement

A table setting out the performance goals/targets for 1998/99 and the actual achievements for that year. Reasons should be given for major fluctuations.

1998/99 Performance goal/targets	1998/99 Actual Performance	Reasons for fluctuations
■ By programme	■ By programme	■ By programme

### 2.2 Underspend / Overspend

Details must be given of the amount of the 1998/99 which were under-spent/overspent as well as the reasons why this is necessary. Regarding

capital expenditure, a list of the projects must be supplied and in the event of any changes in the planned expenditure, a note should be provided as to how this process has affected the projects.

### 2.3 Cost of overdraft

The cost incurred on interest paid in overdraft must be provided. In addition reasons must be given, together with suggestions as to how to overcome this problem in the current budget.

## 3. Summarized Analysis of the budget

The following should be included in this section.

### 3.1 Budget methodology

A statement as to how the budget has been prepared, i.e. from a zero base, prior year adjusted for inflation, resource based etc. Given government's intention to move towards an accrual based budgeting, the department must indicate its current stage in this process and its intended timeframe.

### 3.2 Budget utilisation

#### 3.2.1 Current Activities

The total budget should be analysed along the following lines:

	R'000	%
■ Budget increase/decrease to maintain current activities	XXX	XX (Line 1)
■ Budget increase to expand current activities	XXX	XX (Line 2)
■ Budget decrease to curtail current activities:	(XXX)	(XX) (Line 3)
	XXX	100 (Line 4)

The total in line 4 should equal the net increase/decrease of the department's budget compared to the budget of the previous year. This figure should then be split as indicated in lines 1 to 3.

Example:

$$\text{Percentage Line 1} = \frac{\text{Line 1 Rand value}}{\text{Line 4 Rand value}} \times 100$$

Explanatory notes should be provided in order to illustrate how the process of reprioritization has affected the budget. Moreover some indication of the impact of major risk should also be acknowledge (for instance: the exchange rate).

#### 3.2.2 Core Functions

A breakdown between expenditures in core and non-core functions should

be provided based on the following format:

	R'000	%of Total Budget	% Change of Actual to Budget
Core Functions	XX	XX	XX
Non-Core Functions	XX	XX	XX

### 3.2.3 Transfers

Detailed information must be provided on the reasons and applications of all transfers received by the department and also contributions from the private sector. Although such amounts may not be appropriated, accountability to the committee needs to be provided.

### 3.3 Vacant posts

A statement as to whether or not the budget includes an allowance to fill vacant posts must be made. If vacant posts are budgeted, the number of vacant posts and the value budgeted must be given in a table where different employment categories have been differentiated.

Furthermore, a breakdown between funded and non-funded posts must also be provided, and in the case where a budgeted post was not filled, information should be provided on the reallocation of this budgeted expenditure. Finally, a timeframe for filling these posts should be provided.

### 3.4 Basic assumptions

Confirm that the budget assumptions supplied by Treasury have been complied with, and provide any further assumptions considered by the department.

### 3.5 External agents and forces

Specify any policy decisions or conditions outside the control of the department, which affected the preparation of the budget.

### 3.6 Budgetary Constraints

Identify all factors, which limited the extent of the budget and explain how these have been overcome in the present budget and or the near future.

## 4. 1999/2000 Budget

This section sets out the main objectives, cost drivers, outputs, performance indicators and priorities of the current year's budget. It also gives the financial detail of the budget.

The format below should be used for the department as a whole and for each of the programmes within the department. The extent of the detail given and the way it is broken down will of necessity vary from one department to another:

<b>Department/ programme name</b>	
<b>Objective:</b>	Overall objective of the department/programme to be stated.
<b>Cost drivers:</b>	Detail of major cost drivers within the department/programme.
<b>Outputs/deliverables:</b>	Detail of outputs/deliverables for the various programmes must be given. Where possible they should be quantified in order that performance against these targets can be measured in future.
<b>Performance indicators:</b>	Where separate performance indicators have been identified and if they have not been detailed above they should be set out here.
<b>Priorities:</b>	Brief details of the department/programmes priorities for the year ahead should be given.
<b>Budget:</b>	Budget detail to be given in the following format:

Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H
	Original Budget	Revised Budget	Actual Expenses April-Feb	Forecast Expense Feb-March	Actual vs Budget Variance	Budget	Budget vs Budget
Prog	1998/99 R'000	1998/99 R'000	1998/99 R'000	1998/99 R'000	1998/99 %	1999/2000 R'000	Varian %
ABC	XXX	XXX	XXX	XXX	XX	XXX	XX
ABC	XXX	XXX	XXX	XXX	XX	XXX	XX
Total	XXX	XXX	XXX	XXX	XX	XXX	XX

	Original Budget	Revised Budget	Actual Expenses April-Feb	Forecast Expense Feb-March	Actual vs Budget Variance	Budget	Budget vs Budget
Analysis of totals:	1998/99 R'000	1998/99 R'000	1998/99 R'000	1998/99 R'000	1998/99 %	1999/2000 R'000	Varian %
Current	XXX	XXX	XXX	XXX		XXX	
Capital	XXX	XXX	XXX	XXX		XXX	
Transfers	XXX	XXX	XXX	XXX		XXX	
Total	XXX	XXX	XXX	XXX		XXX	

\* If the actual expenditure for the whole year is available, then columns D and E can be joined together.

#### 4. 1999/2000 Budget (continued)

$$\text{Column E} = \frac{(\text{Column D} + \text{Column E}) - \text{Column C}}{\text{Column B}} \times 100$$

$$\text{Column G} = \frac{\text{Column G} - \text{Column C}}{\text{Column C}} \times 100$$

Explanations: Explain all significant variances

Capital budget: Details of major capital expenditure items must be given, a list of delayed, current and future projects must also be supplied. The total capital expenditure budget should be broken down in personnel expenditure, fixed capital, capital transfers, repairs and maintenance.

#### 5. Transformation

The meaning of transformation transcends beyond the representative profile\* of departments. When linked to the concept of prioritization and reprioritization, transformation reflects the political will of government to strive for the improvement in delivery within a framework of redistribution and development.

However, transformation goes beyond government, as it aims to change society and as such the re-engineering process places great emphasis on the link between government, commerce and industry.

Within the policy re-engineering two major pillars can be highlighted: networking and shared services.

■ Networking: in order to improve delivery of services, the identification of common interests between departments and the private sector must be pursued, thus ensuring a greater utilisation of government's limited resources;

■ Shared services: departments must focus on the delivery of core services, the cost and demands from non-core services should not form a significant part of the administration and expenditure of the departments, and where possible the shared services between departments must be applied, for instance financial administration.

\* Representative profile is defined as the racial and gender distribution of the province.

##### 5.1 Personnel statistics

Personnel statistics for the department as follows:

*Designation	Approved Posts	Super-numeraries	Vacant Posts	Black		White		Disabled	Interns
				F	M	F	M		

\* The table should be broken down in different levels, such as directors and managers among others, thus providing greater detail on the structure of the department. If possible prior year statistics should also be given (in italics below the current year statistic).

##### 5.2 Networking

Outline any initiatives between departments and the private sector and or any other agency. The setting of goals is imperative, in order to measure the performance of these initiatives. Moreover, the provision of further suggestions must be a condition, thus enforcing the continuous process of transformation.

##### 5.3 Shared Services

Core and non-core functions in the department must be tabulated and clearly differentiated. Details on the initiatives from the department to seek shared services must be provided and suggestions should also be presented.

##### 5.4 Consultants

To what extent were consultants used by the department during the past year, and what was the total cost involved? Indicate what amount has been budgeted for consultants in the 1999/2000 budget. Also provide justification for the use of consultants.

#### 6. SMME and PPP

Given the emphasis placed on SMMEs and PPPs by government, the outsourcing from the departments must be aggressively pursued. This will not only improve efficiency, but it will also result in the release of a significant percentage of allocated resources, which can be redirected to achieve greater delivery. In addition, outsourcing is a significant source of energy for the development of SMMEs and PPPs, which have been identified as important determinants for job generation.

The department's policy on outsourcing, public private partnerships and involvement of SMMEs must be stated and details on the progress and impact of this outsourcing must also be provided (e.g.: number of jobs created, improvement of skills).

Given the significant difference between medium, small and micro enterprises, the impact of government's outsourcing must be broken down in these categories.

#### 7. Constraints

In this section departments are asked to express any concerns they have regarding the financial management within the department, as well as concerns and constraints in the budgeting process and the budget itself. Areas that should be dealt with should include:

##### 7.1 Management information systems

Problems experienced with computer systems such as FMS, PERSAL and other in-house systems.

## 7.2 Human Resources and IT

- Capacity constraints (equipment, skills, information and communication, etc);
- An assessment must be provided on the impact that workers may have ON the department, if they are due for retirement;
- Indicate the number of posts that may be abolished as a result of restructuring and voluntary severance packages. The budget implications must also be considered;
- Evaluation of the staff turnover (please provide explanations).

## 7.3 Internal controls

- Weaknesses in internal financial controls. Also, have all queries raised by the Office of the Auditor-General been resolved?
- Information on the internal audit report on FMS.

## 7.4 Year 2000

- Specific statement on what the department is doing about the Year 2000 challenge. Progress made in this regard must be spelled out;
- Indicate which programmes are more vulnerable. Information on preventive measures must be provided;
- Compliance status of external suppliers.

## ANNEXES

- If you believe it is necessary to provide any additional information please do so in the form of Annexes.

## Annex II

# GAUTENG PROVINCE FACILITATING MONEY BILLS

The following is the least required to meet the provisions of the Standing Rules in the facilitation of Money Bills.

1. RECOMMENDATION BY PREMIER				
WHAT	WHO	WHEN	HOW	REGULATION
Inform the Speaker of the Premier's recommendation or approval of a Money Bill	Member in Charge	When introducing Bill	A letter of recommendation or approval from the Premier to the Speaker.	Rule 6.30(1) & (4)

2. CERTIFICATION OF DRAFT BILL BY THE STATE LAW ADVISOR				
WHAT	WHO	WHEN	HOW	REGULATION
Submission of the Draft Bill to the State Law Advisor	The departmental officials	Immediately after Cabinet's approval or as may be determined by the executive	A letter to the State Law Advisor with the copy of the Bill on disk or other electronic means and the request for certification.	Convention and Treasury Instructions
Certification of the Bill	State Law Advisor	When the Bill is submitted or as per arrangement with the department	Mention the fact of certification in a letter and on a hard copy of the bill itself. Also, write down initials on every page of the Bill and sign on the disk submitted by the department. Make the disk a read-only disk.	Sections 2, 146, 147 of Constitution and Convention



WHAT	WHO	WHEN	HOW	REGULATION
Categorization of the Bill as a money Bill. The definition of a Money Bill is captured in Section 120 (1) of Constitution 108 of 1996 of Rule 156, Version 3, Revision 9	State Law Advisor	When certifying the Bill	State the categorization in the certificate	Rule 6.30 (1) (a) See 120 of the Constitution
Submission of the certified Bill to the department	State Law Advisor	After certification of the Bill	Certified hard copy and a certified (disk) electronic copy thereof i.a.w. the disk must also be signed by the State Law Advisor.	Convention and Treasury Instructions

### 3. TRANSLATION OF THE BILL

WHAT	WHO	WHEN	HOW	REGULATION
Submission of the Bill to translators	Departmental Officials	After the Bill has been submitted to the Department by the State Law Advisor	Send the Bill with a request for translation	Language Policy
Translation of the Bill	Translation Company	Within time frame set by the department	Mention due date to translators and that the Bill is to be translated into the other three provincial official languages	Language Policy

### 4. SUBMISSION OF THE BILL FOR INTRODUCTION

WHAT	WHO	WHEN	HOW	REGULATION
Submission of the Bill to the Speaker for introduction	Member in Charge	After the Bill together with the memorandum has been recommended or approved by the Premier, translated into the other three provincial official languages and certified by the State Law Advisor	Department officials submit certified hard copies as well as a "read only" disk copy; submit a copy of the Certificate stating the fact of certification and categorization; and submit the MEC's letter to the Speaker.	6.30(4)
Placement of introduction of the Bill on the Programme	MEC and Leader of the House	During cabinet discussions of the programme of the House (Leader of the House)	Place the matter on cabinet agenda and table a cabinet memorandum	
Statement of the language in which the Bill is to be considered	Member in charge	When submitting the bill for introduction	State the language in the letter to the speaker	Language Policy

5. INTRODUCTION OF THE BILL				
WHAT	WHO	WHEN	HOW	REGULATION
	The Member of the Executive Council in charge of finance matters must deliver a speech in the house	On the date indicated in the letter and on the programme of the House	The MEC for Finance must deliver an introductory speech in the House	Rule 6.31(1)
	Secretary (House Proceedings Unit) to the Legislature	After the Bill has been introduced.	The Bill and all other papers, if any, shall be laid upon the Table.	Rule 6.31(2)
	Speaker (House Proceedings Unit)	On the day the Bill is introduced	Copies of Bills are circulated to all members in the House	Rule 6.31(3)
			The Speaker indicates in the referral letter, the date on which the Committee is to submit a report, i.e. time frames required to meet the programme. (prescribed by the rules in respect of Money Bills)	Rule 6.33(1) & (2)

6. CONSIDERATION OF THE BILL BY THE FINANCE COMMITTEE				
WHAT	WHO	WHEN	HOW	REGULATION
MEC's brief to the Committee	MEC	First meeting of the Committee in which the bill is to be considered	Presentation of the purpose and key features of the Bill by the MEC	Rule 120(1) (v) Practice
Ordinary Committee Meetings (briefing by other departments)	The Chairperson of the Committee and the Secretary	During the time allocated to the Committee	The Committee shall consider the Bill within five working days, excluding Wednesdays, after introduction, unless the Speaker determines otherwise	Rule 6.33 (2)
Committee may not amend Bill but may make recommendations to the House	Committee	During the time allocated to the Committee	The Committee considers the principles (macro-economic factors) or purpose and key features of the Bill	Rule 6.33 (3)
Public Hearings (if any)	The Chairperson of the Committee and the Secretary	During the time allocated to the Committees	During the time allocated to the Committee (prescribed by the Rules)	Rule 6.33 (4) And
No amendments to the Bill, but committee may make Recommendations to the House	The Chairperson	When tabling report and in the House	The Chairperson tables the recommendations separately from the report	Rule 120 (1)(v)

**7. CONSIDERATION OF THE COMMITTEE REPORT AND PRINCIPLES**

WHAT	WHO	WHEN	HOW	REGULATION
Committee Report	The Committee Chairperson and the Secretary	Submitted to the Committee Support Unit Manager by the time stipulated in the referral letter -usually two working days prior to the time allocated for plenary consideration of the Bill.	The Chairperson signs the report before staff processes it. The Chairperson may present a report and/or recommendations of the Committee, the Bill and its Memorandum to the House.	Rule 6.33(5)
Debate of Principles in the House	Finance Committee Chairperson, Leader of the House and Whips	At least two days after presentation of the report (the Principle cannot be debated before the report is presented)	Whips decide on the time allocation to the debate. The Principle is debated as scheduled and a decision is taken thereon (a motion and roll call are not necessary)	

**8. REFERRAL OF INDIVIDUAL VOTES (IF ANY) TO THE COMMITTEE**

WHAT	WHO	WHEN	HOW	REGULATION
Referral of votes to Committees	The Speaker (House Proceedings Unit)	After the debate of the Principles	Letter of referral sent to each Committee in respect of each vote. Letter indicates due dates for reports.	Practice
Consideration of the votes by Committees	Chairpersons and Committee Support Unit	Within the time allocated to the Committee	The Committee examines the allocation of funds in relation to the vision, objectives and priorities, etc. of the department. The Committee cannot make any amendments to the votes.	Practice

**9. CONSIDERATION OF THE INDIVIDUAL VOTES, THE SCHEDULE (IF ANY) AND ADOPTION OF THE BILL**

WHAT	WHO	WHEN	HOW	REGULATION
Submission of reports to the Committee Support Unit	Committee chairpersons	By the time stipulated in the referral letter - which is usually two working days prior to the time allocated for plenary consideration of the Bill	The Chairperson must sign the report before it can be processed by staff	Practice
Debate of a vote in the House	Chairperson, Secretary, Leader of the House and Whips	The vote is placed on the order paper for consideration on the day determined by the Leader of the House	The Secretary places the votes on the order paper upon receipt of a report from the Chairperson (Committee Support Unit). The decision on the votes is deferred until all the votes are debated. Whips decide on time allocation to each vote in advance.	Rule 26
Placing of vote(s) for supplementary amounts (if any)	The Leader of the House, Secretary (House Proceedings Unit) and the MEC	At least one full day prior to the consideration of the vote(s) by the House	The Leader of the House rises in the House and gives notice of the vote(s) in respect of which supplementary amounts are to be appropriated. The Secretary places the vote(s) on the order paper after the notice has been given.	Rule 6.36
Debates of Supplementary amounts (if any)	The Leader of the House, the MEC and the Whips.	On the day stipulated by the Leader of the House	The debate takes place. The decision on the vote(s) is	Rule 163 and Practice

WHAT	WHO	WHEN	HOW	REGULATION
			deferred until all the vote(s) are debated.	
			Whips decide on time allocation for the debates on the supplementary amounts.	
Placing of motion for adoption of a bill that has no schedule on the order paper	The Secretary (House Proceedings Unit) and Member in Charge	At least one full day prior to consideration of the Bill, report and recommendations by the House	The report of the Committee will be placed on the ATC one full day prior to consideration by the House	Rule 6.38(1)
Decision on separate votes in a Money Bill with a schedule	The Secretary (House Proceedings Unit) and Leader of the House	After all the votes and supplementary amounts have been debated	All the votes are placed on the Order Paper for adoption on one and the same day	Practice
Placing the schedule of the Bill on the Order Paper for adoption	The Leader of the House and Secretary	After all the votes in the schedule have been decided upon	The adoption of the schedule is placed on the Order Paper as an item for adoption	Rule 6.38
Placing of Bill that has a schedule on order paper, for adoption	Leader of the House	After the schedule to the Bill has been decided upon	Bill is not adopted after schedule but placed on Order Paper for adoption after at least one full day, unless Proceedings Committee or the House decides the schedule and the Bill be adopted on the same day. The Programme Director must ensure that the matter is put on the agenda of the Proceedings Committee.	Rule 6.38(2)

## 10. ADOPTION OF THE BILL

WHAT	WHO	WHEN	HOW	REGULATION
Motion for adoption of Bill that has no schedule	Leader of the House	After consideration of detail of the Bill	The motion shall be determined without debate	Rule 6.38 (1)
Motion for adoption of Bill with a schedule	Leader of the House	After the schedule to the Bill has been decided upon.	Shall be determined by roll call	Rule 6.38(2) & (3)

## 11. CERTIFICATION, PROMULGATION AND ENROLMENT OF THE BILL

WHAT	WHO	WHEN	HOW	REGULATION
Certification of Bill as the copy passed by the Legislature	Speaker (House Proceedings Unit)	Within 15 days of the passing of the Bill	The Speaker puts a stamp and signature to that effect	Rule 6.6(2)
Assent and signature to the Bill	Premier	After the Bill has been adopted by the House	By signing and assenting on four copies of the Act and returning two copies to the Legislature	Section 121 of Constitution 108 of 1996
Promulgation	Premier	After the signing and assent		Section 123 of Constitution 108 of 1996
Return of the signed Act to the Legislature	Premier	After the signing and assent	Publication in the Provincial Gazette; Hand delivery of the approved Bill to Legislature	Hand delivery
Enrolment and or submission of the Bill to the Constitutional Court for safe-keeping	Secretary	After publication of the Act in the Provincial Gazette	Delivering the Acts to the registrar of the Constitutional Court with a delivery note	Section 124 of Constitution 108 of 1996

## ABBREVIATIONS

<b>AEI</b>	African European Institute
<b>ANC</b>	African National Congress
<b>AWEPA</b>	Association of European Parliamentarians for Africa
<b>CAPEX</b>	Capital Expenditure
<b>DP</b>	Democratic Party
<b>FF</b>	Freedom Front
<b>FFC</b>	Financial and Fiscal Commission
<b>GDP</b>	Gross Domestic Product
<b>GEAR</b>	Growth Employment And Redistribution
<b>GGP</b>	Gross Geographic Product
<b>HOD</b>	Head of Department
<b>IFP</b>	Inkatha Freedom Party
<b>IT</b>	Information Technology
<b>MEC</b>	Member of the Executive Council
<b>MPL</b>	Member of the Provincial Legislature
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NP</b>	National Party
<b>PPP</b>	Public Private Partnership
<b>RDP</b>	Reconstruction and Development Programme
<b>SADC</b>	Southern African Development Community
<b>SMME</b>	Small Medium and Micro Enterprises

## AWEPA AND THE AEI

**AWEPA** is an Association with a membership of both present and former parliamentarians in Europe and a broad political network in Africa, bringing since 1984 experience, knowledge and partnership to its work in the mobilization of political action in Europe in support of democracy in Africa.

**The African-European Institute** is an Institute with a Board of Trustees consisting of political and civil society leaders from Africa and Europe, which has served since 1988 as a forum for policy planning and advice. The professional project organization of the Institute is implementing projects in cooperation with AWEPA and in its own right.

### Vision

AWEPA and AEI strengthen the relationship between Africa and Europe, working together in partnership on both continents, to enhance peaceful and sustainable democratic processes, fully participatory not least from a gender perspective, and respect for human rights.

### Mission

AWEPA and AEI seek to realize this vision through strengthening and fostering participatory democratic processes at local, provincial, national and regional levels in Africa, by building the capacity of political structures, legislature and assembly members and staff, to carry out their democratic responsibilities. This is done through a number of concrete operational activities, focused on human resource development and institutional capacity building within democratic structures. They often make use of experiential learning and exchange of information and experience among parliamentary colleagues from legislatures in Africa and Europe and civil society. In this effort the following focal areas are given priority:

- promoting a more effective role for parliamentarians in conflict prevention and peacebuilding, in support of the African Renaissance
- assisting in the attainment of gender equality goals in political decision-making and other structures
- assisting, on request, in electoral processes, including reform of electoral legislation and observation of elections
- informing members and partners on such issues as development cooperation policies, debt relief and trade debates
- building networks at national, regional and inter-regional levels as fora for political and non-governmental interaction.

AWEPA informs and mobilizes European parliamentarians on policy issues in African-European relations and democratization in Africa.

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