



Committee on Public Accounts ensures that the issues raised by the AG are dealt with accordingly. Parliament also exercises its oversight through various Portfolio Committees that assess the plans and performance of each department and hold them accountable.

Parliament's Standing Committees, together with National Treasury and the Department of Performance Monitoring and Evaluation (in the Presidency), analyse departmental reports on performance indicators that measure progress made on their mandates for which they are given their share of the budget. This monitoring is done on a quarterly basis. The National Treasury hold departments accountable in relation to budget allocations by assessing value for money as well as spending patterns on policy priorities. The Department of Performance Monitoring and Evaluation holds departments accountable in relation to outputs as included in Delivery Agreements signed between the President and the relevant national Minister.

Publications released by the National Treasury:

Medium Term Budget Policy Statement (MTBPS)

Highlights key government priorities, the size of the spending envelope for the next MTEF period, the proposed division of revenue and major provincial and local government allocations.

Adjusted Estimates of National Expenditure (AENE)

Provides detailed information on mid-year actual expenditure and performance as well as revised spending and performance projections for the rest of the current financial year, and also includes roll-overs and unforeseeable and unavoidable expenditure items.

Estimates of National Expenditure (ENE)

Provides detailed information on departmental and entities' policy developments, spending plans, as well as service delivery achievements and commitments over a seven year period.

Budget Review

Provides the policy context of the budget; highlighting economic policy, fiscal policy, tax policy, division of revenue and medium term priorities among others.

People's guide

This is a simplified version of the main points in the budget.

Source: National Treasury – Cape Town

For more information you may contact 021- 4646100 / 012-315 5757

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PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

How the Budget works for us

**HOW THE BUDGET
WORKS FOR US**





What is a Budget?

A Budget is the government's financial plan made every year. A budget announces all projected expenditure, income and borrowing over the next three financial years (referred to as the Medium Term). Informed by political priorities in the medium term strategic framework, it functions to allocate resources to these priorities, while ensuring improved quality and effectiveness of public spending. The Minister of Finance uses the Budget Speech to update Parliament and the country on the state of the economy, public finances and on progress on the government's objectives. The Budget allocates money between the three spheres of government (national, provincial, local) based on revenue collected.

The Budget Process

The national and provincial budget process is a continuous cycle that runs from April to March every year. The following outline illustrates the timetable for one year's budget process.

- April:** National Treasury issues departments with guidelines for requests for roll overs of qualifying unspent funds from the previous financial year and at the end of the month; roll-over requests are submitted to National Treasury for assessment.
- May to June:** Rollover allocation letters are issued to departments after approval by the Minister of Finance. During this period, National Treasury issues the Medium Term Expenditure Framework (MTEF) budget guidelines (expenditure estimates guidelines) to departments.
- July:** Departments submit their expenditure estimates detail to the National Treasury for the upcoming Budget. Analysis and approval of changes to departments' budget programme structures also takes place. Cabinet Lekgotla takes place in this month, where policy priorities and implementation considerations are discussed and approved.
- August:** Ministers' Committee on the Budget (Mincombud) approves the preliminary fiscal framework and division of revenue and sectoral budget priorities.
- September:** The Medium Term Expenditure Committee (MTEC) presents its recommendations of funding allocations for key government priorities to the Mincombud, final recommendations on allocations are then taken to Cabinet for approval. The Adjustments Appropriation process also begins in this month where recommendations regarding unforeseeable and unavoidable expenditure are made. These adjusted allocations are appropriated the following month.



October to November:

The Adjustments Appropriation Bill and the Amended Division of Revenue Bill are tabled. The Medium Term Budget Policy Statement (MTBPS) which highlights key government priorities, the size of the spending envelope for the next MTEF period, the proposed division of revenue and major provincial and local government allocations, is also tabled in Parliament. Allocations to national government departments are finalised and proposed to Cabinet in mid-**November**. Once Cabinet approves, allocation letters are sent out to the departments.

December to February:

Minister of Finance receives Budget Review and Recommendations Reports on the MTBPS, fiscal framework, and Division of Revenue, from Parliament. These reports are analysed between December and February for response to Parliament. The National Budget, Appropriation Bill, Division of Revenue Bill, Estimates of National Expenditure and related budget information are finalised and then tabled by the Minister of Finance in Parliament.

March to June:

Parliament deliberates and adopts a Fiscal Framework for the upcoming year and begins hearings on the Division of Revenue Bill, which is then passed in Parliament.

July:

The Appropriation Bill is passed by Parliament, and based on this; funds are allocated to departments on a monthly basis. As the Constitution specifies that government can only spend money if it has been approved by Parliament, the National Assembly votes to pass the budget through the Appropriation Bill.

How does the State raise its funds?

The State raises funds from a variety of sources, including taxation, non-tax revenue (such as leasing mines and sales of capital assets), financial transactions and loans. The largest source of state revenue is taxes, compulsory payments made to the South African Revenue Service (SARS) by individuals, businesses and any other tax-liable bodies. Personal Income tax (on an individual's income) and Value Added Tax (on goods and services sold) constitute the largest shares (34% and 27% respectively). Funds raised by the government are deposited into the National Revenue Fund, and are withdrawn for expenditure through the Appropriation Bill.

The Budget and Oversight?

A number of processes are in place to ensure oversight over public expenditure and performance. South Africa has an Auditor General (AG), who audits departments' financial and non-financial performance. The findings of these audits are reported to Parliament. Parliament's Standing