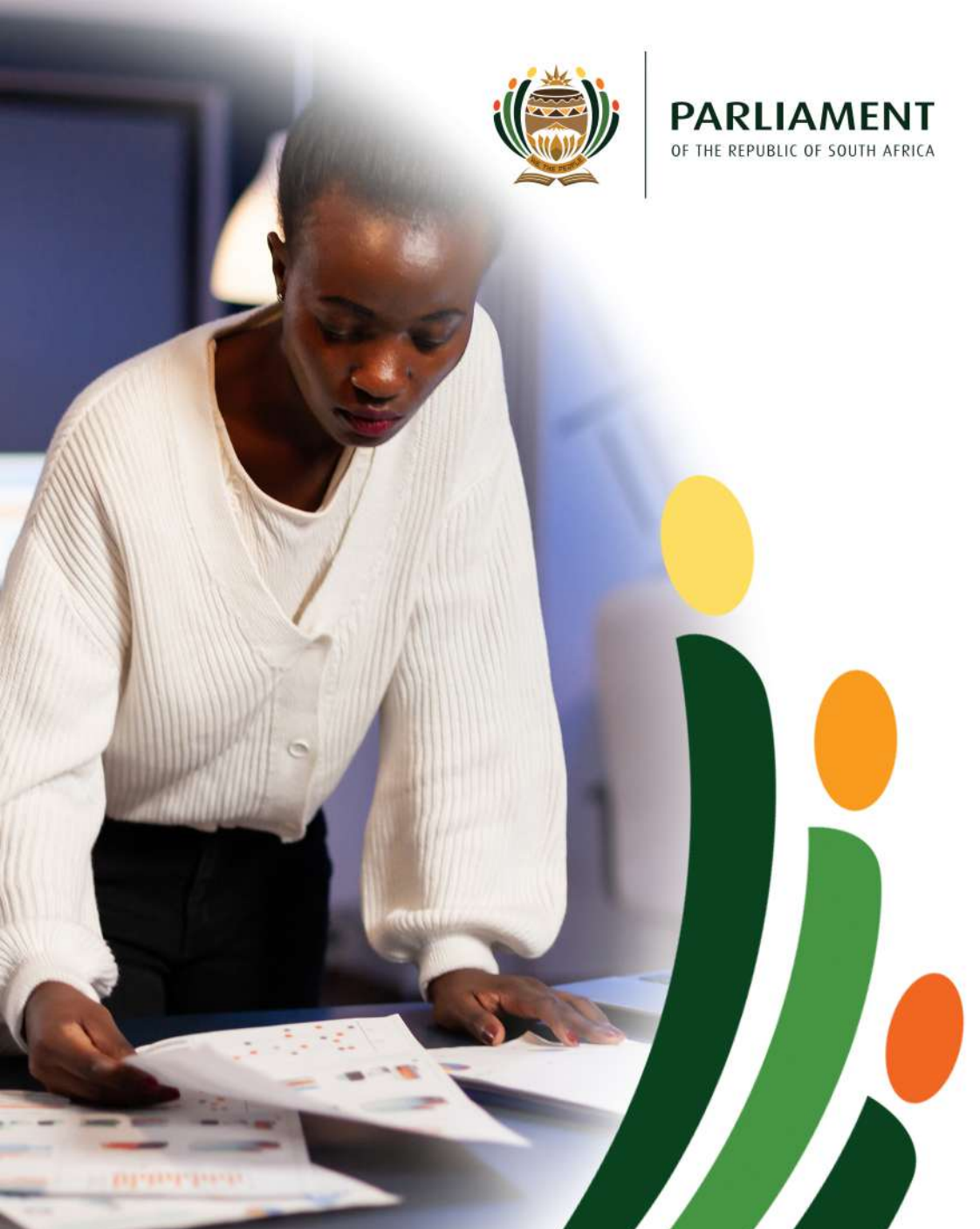




PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA



The Medium Term Budget Policy Statement (MTBPS)

What is the MTBPS?

- 🇳🇵 MTBPS is also referred to as the “mini budget”.
- 🇳🇵 It allows departments to apply for adjustments to their budgets, apply for roll-overs, and request additional funds for unforeseeable and unavoidable expenditure.
- 🇳🇵 It indicates how government intends allocating the upcoming national budget.
- 🇳🇵 The MTBPS makes it possible for Parliament and the public to interact with the government’s budget plans several months ahead of the budget set for February 2021.
- 🇳🇵 One of the mechanisms used by Parliament is through committee oversight over government departments when they review the effective and efficient use of available resources.
- 🇳🇵 The process is known as the Budget Review and Recommendations Reports (BRRRs), and they must be tabled in the National Assembly before the MTBPS reports are adopted.

The MTBPS includes the following information:

- 🇳🇵 Spending estimates for the first half of that particular year;
- 🇳🇵 Any adjustments to the proposed revenue and spending estimates for the second half of the current year; and
- 🇳🇵 Outcomes for the previous year.



Did You Know?

After reviewing the annual performance of departments and state owned entities, portfolio committees make their own recommendations, adopt the report at a committee level and subsequently submit the Budgetary Review and Recommendation Reports (BRRRs) to the House for final approval for the allocation of funds to those department and entities.

NA committees are required in terms of Section 5 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) to annually assess the performance of each national department and to thereafter submit a Budgetary Review and Recommendation Report.

Why is the MTBPS important?

It plays a critical role in the entire budgetary process because it sets the tone for the fiscal framework for the next national budget. It also provides Parliament and the country as a whole with an update on how Treasury perceives the present economic situation.





The Medium Term Budget Policy Statement (MTBPS)

Which legislations are tabled and passed during the MTBPS?

The National Assembly facilitates budgetary processes through Section 77 bills, also referred to as the “money bills”. When the MTBPS is Tabled, the following legal instruments are used Division of Revenue Amendment Bill, Adjustment Appropriation Bill, Fiscal Framework and Special Appropriation Bill.

Division of Revenue Amendment Bill



The Bill addresses changes in the equitable division of revenue raised nationally among the three spheres of government, changes to the provincial conditional grants and changes to the local government equitable share and conditional grants.

Section 214 of the Constitution requires that the principal act (Division of Revenue Act) be enacted only after taking into account factors like: national interest, provision of debt, the needs of national government and emergencies, and allocation of resources to provide basic resources, among other things. It must be passed 35 days after the adoption of the fiscal framework by Parliament.

Adjustment Appropriation Bill



After the adoption of the fiscal framework, the Appropriation Bill is referred to the Appropriation Committee in the National Assembly.



The Medium Term Budget Policy Statement (MTBPS)

The Bill appropriates money from the National Revenue Fund to provide for the requirements of the State. It makes specific allocations to specific state departments and entities and sets conditions for spending these. The 2021 Appropriation Act, related to the February Budget Speech, enabled the Minister of Finance to approve expenditure, which could not reasonably be delayed without negatively affecting service delivery. Parliament must pass the bill with or without changes within four months of the start of that financial year i.e. by the end of June.

Special Appropriation Bill

A Special Appropriation Bill is distinguishable from an ordinary money bill in that it contains words which appropriate the Consolidated Revenue Fund to the extent necessary to meet expenditure under the bill or for a specific need. The second Special Appropriation Bill was tabled recently by the Minister of Finance. The purpose of this bill was to propose urgent funding allocation of R32.85bn to the South African Special Risk Insurance Association (SASRIA) to meet the insurance claims caused by the unrest in Gauteng and KwaZulu Natal as well as the COVID-19 pandemic.

Revised Fiscal Framework

The Revised Fiscal Framework provides revised projections on broad budgetary aggregates of total revenue, expenditure and borrowing for a given year based on current economic conditions and projected economic conditions.

Did You Know?

A bill is a money bill if it appropriates money. An Act of Parliament must provide for a procedure to amend money bills before Parliament. The Money Bills Amendment Procedure and Related Matters Amendment Act (Act 9 of 2009, as amended) is used for this purpose.

Section 77 of the Constitution states that an act of Parliament must provide for a procedure to amend the Money Bills (budget).

When is the MTBPS tabled?

It is tabled 3 months before the national budget, in October every year. The national budget is tabled in February, after the State of the Nation Address (SONA). It is tabled immediately after the BRRR process (scrutinizing of annual reports).

Who tables the MTBPS?

The Minister of Finance.

Where is the MTBPS tabled?

The National Assembly.

What is the role of Parliament in relation to the MTBPS?

Parliament is elected by the people to represent the people therefore it authorises the executive to spend, tax, and oversee executive action on behalf of the people of South Africa. Through effective budgetary oversight, Parliament can address poverty, inequality and unemployment.

What happens after the tabling of the MTBPS?

After the tabling of the MTBPS the committees of Parliament (on Appropriations and on Finance) must conduct public hearings with relevant stakeholders. Submissions are received from the stakeholders during the public hearings. Thereafter, the committees prepare a report and table it in the National Assembly, that further scrutinise expenditure and revenue proposals.

Did You Know?

Thirty days after the tabling of the MTBPS, the finance committees of the two Houses must report on the proposed fiscal framework and the Appropriations committees must report on the proposed division of revenue and grant allocations to provinces and local governments. The Division of Revenue Amendment Bill (DORA) is then considered.

What is the difference between the Finance and Appropriations committees?

The Finance committees are mandated to focus on macro-economic and fiscal policy, changes to the fiscal framework and revenue allocations.

The Appropriations committees focus on actual expenditure and changes to the Division of Revenue and Appropriation Bills. These committees are the mediator and final authority in reporting to Parliament. There are Finance and Appropriation committees in the National Assembly and the National Council of Provinces, each focussing on the mandate of each House.

Glossary / Abbreviations

BRRRs: Budget Review and Recommendations Reports. These reports are tabled by the respective chairpersons of the two committees (Finance and Appropriation) for discussion / debate and adoption in the National Assembly. The BRRR are reports compiled by portfolio committees every year after re-assessing the annual performance, strategic plans and proposed medium-term expenditure of departments and state-owned entities.

Fiscal Framework: The fiscal framework refers to the broad budgetary aggregates of total revenue, expenditure and borrowing for a given year.

Portfolio Committee: a committee of the National Assembly (NA).

Select Committee: a committee of the National Council of Provinces (NCOP).

Finance Standing Committee: The Finance Standing Committee is responsible for oversight of National Treasury and other state entities.



PARLIAMENT

OF THE REPUBLIC OF SOUTH AFRICA



Address: PO Box 15, Cape Town, 8000



Email: info@parliament.gov.za



Tel: 021 403 3341

<https://www.parliament.gov.za>



[Facebook.com/ParliamentofRSA](https://www.facebook.com/ParliamentofRSA)



[Instagram.com/ParliamentofRSA](https://www.instagram.com/ParliamentofRSA)



[Youtube.com/user/ParliamentofRSA](https://www.youtube.com/user/ParliamentofRSA)



[Twitter.com/ParliamentofRSA](https://www.twitter.com/ParliamentofRSA)



This poster is produced on environmentally approved paper

