

SEMINAR SERIES ON MACROECONOMIC MODELLING

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CEPA



TOPIC:
**THE ROLE OF THE FINANCE
COMMITTEE ON BUDGET AND
FINANCIAL ISSUES**

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FINANCE COMMITTEE STRUCTURE COMPOSITION

- Members from both Majority and Minority
- 25-Membership Committee
- Chairman and Vice Chairman
- Ranking Member and Vice Ranking Member
- Members



CONSTITUTIONAL/STANDING ORDERS PROVISION ARTICLE 179(1) AND (2) OF 1992 CONSTITUTION

- The President lays before Parliament the financial year estimate of revenue and expenditure
- Article 179 (2) - Estimates of all public offices and public co-operations except of commercial nature
- Appropriation Bill introduced to Parliament
- Standing Orders 169 imposes the composition of membership
- Standing Order 170 – 171 prescribes the functions of the committee



FUNCTIONS

- Review Annual Estimates
- Revenue and Expenditure
- Supplementary Estimates or Budget
- Monitoring of foreign exchange
- Withdrawal from the contingency fund
- Loan Agreement of International Business or Economic Transaction
- Financial Bills
- Tax Proposals and Amendments



OVERSIGHT POWERS

- By Article 155
- Finance committee has rights and privileges of a High Court of Justice
- Justice of a High Court at a trial
- Enforce the attendance of witnesses and examining their oath
- Compelling production of documents
- And the issue of a commission or request to examine witnesses abroad



KEY EVENTS OF THE FINANCE COMMITTEE

- The State of the Nation Address
- Vote on Accounts
- The Budget statement and economic Policies
- Appropriation Bill
- Tax Amendment schedules, IRS, VAT, CEPS
- Loan Agreements and Financial transactions

THE BUDGET STATEMENT AND ECONOMIC POLICIES

- Debate
- Estimate of Ministries and Departments and Agencies are reviewed
- Select committees review relevant MDA
- Critical analysis on non-partisan basis



FOR 2006 ANNUAL ESTIMATES (FINANCE COMMITTEE) MDA

- Ministry of Finance
- All the Agencies and Departments under the control of the Presidency referred to the office of Government Machinery
- Electoral Commission
- Commission of Human Rights and Administrative Justice
- District Assembly Common Fund
- General Government Services and other obligations



PROCEEDINGS

- Presentation of reports to the house for consideration and approval.
- Hearing and Justifications
- Ministers move the motion for approval of specific sums.
- Debate followed by putting the question
- Collation and drafting of the Appropriation Bill



MONITORING AND OVERSIGHT FUNCTIONS

- Finance Committee, Public Accounts begins to monitor expenditure patterns
- Ensure conformity with State goals and objectives
- Mid-year review of State of Economy
- Quarterly performance of MDA



CONSTRAINTS OF FINANCE COMMITTEE

- The Budget and Financial Bills are technical in nature
- Contents voluminous and intimidating
- Time for debate is limited: 2 weeks or 1 month c.w. Germany, India
- Lack of Offices for research



RECOMMENDATIONS TO ENHANCE THE WORK OF THE FINANCE COMMITTEE

- Establishment of Budget and Finance Unit
- Recruitment of Economists, Public Finance Experts and Research Staff.
- Increase the time of debate to a month or two to ensure detailed analysis and scrutiny



THANK YOU

