



NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA
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New appointments to the ***Financial and Fiscal Commission***

29 June 2004

The President has made the following appointments in terms of section 221(1) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), section 5 of the Financial and Fiscal Commission Act, 1997 (Act 99 of 1997), and section 5 of the Organised Local Government Act, 1997 (Act 52 of 1997).

All the appointments are for five years, effective from 1 July 2004 until 30 June 2009.

Chairperson

Dr Renosi Denise Mokate

Provincial nominees

Ms Tania Ajam

Mr Risenga Buttler Maluleke

Mr Martin John Kuscus

Local Government nominee

Mr Blake Keith Mosley-Lefatola

National nominee

Ms Gugu Moloi

Members of the Financial and Fiscal Commission from 1 July 2004

Position	Incumbent	Appointed until
Chairperson	Dr R Mokate	30 June 2009
Deputy Chairperson	Mr J Josie	1 February 2007
Provincial nominees	Ms T Ajam	30 June 2009
	Mr R Maluleke	30 June 2009
	Mr M Kuscus	30 June 2009
Local Government nominees	Mr K Chetty	31 December 2007
	Mr B Mosley-Lefatola	30 June 2009
National nominees	Ms G Moloji	30 June 2009
	Dr A Melck	1 February 2007

Dr Mokate replaces Mr Murphy Morobe, who resigns as chairperson of the FFC six months before the end of his term, as he has accepted a new post as Deputy Director-General for Communications in the Office of the President.

BACKGROUND NOTE ON FFC

1. The FFC is an independent and impartial advisory body established in terms of section 220 of the Constitution, to advise government on intergovernmental fiscal matters, affecting the three spheres of government.
2. The FFC was established in terms of the Interim Constitution adopted in 1993, and began to function soon after the 1994 elections, in August 1994 with Murphy Morobe as its first chairperson. Also appointed on that first commission are three of the current members, Dr Anthony Melck, who served as deputy chairperson, Dr Renosi Mokate and Mr Jaya Josie .
3. The FFC was modelled on similar institutions set up in countries like Australia, Canada and India, which all had more decentralised systems of fiscal relations. The Interim and new Constitution both adopted a revenue-sharing model for South Africa, with each province and municipality expected to determine its own budget, using national grants and their own revenue from motor car licenses, hospital fees, property taxes, RSC levies, electricity and water charges.
4. Under Mr Morobe's leadership, the FFC provided sterling advice on how to arrange fiscal relations in the new South Africa, through their path-breaking recommendations in 1995 and 1996. The first sets of recommendations (1995 through 1997/98) were more about developing a grant system, resulting in current provincial and local government equitable share formulae. Subsequent submissions have begun to look at the long-term future direction of our intergovernmental system. In particular, the FFC began to probe issues of devolving more fiscal powers to provinces and local government.
5. The FFC also helped by recommending that informal consultative forums established in 1994 be formalised, leading to the creation of the Budget Council and Budget Forum. The FFC worked closely with the National Treasury to develop the formulae for both the provincial and local government equitable share.
6. The FFC provided input to the following key intergovernmental legislative frameworks:
 - a) Borrowing Powers of Provincial Governments Act, 1996;
 - b) Intergovernmental Fiscal Relations Act, 1997;
 - c) Financial and Fiscal Commission Act, 1997;
 - d) Public Finance Management Act, 1999;
 - e) Provincial Tax Regulation Process, 2001;
 - f) Local Government: Municipal Finance Management Act, 2003;
 - g) Local Government: Property Rates Act, 2004;

- h) 7 Division of Revenue Acts (1998, 1999, 2000, 2001, 2002, 2003, 2004).
9. Recent amendments to the FFC Act envisage that the Commission will play a bigger role in preventing **unfunded mandates** when new functions are assigned to provinces and municipalities. Section 3(2A) to (2D) require the Commission to play a more active role in ensuring that such assignments properly take into account the future impact on the division of revenue, and also the impact of transferring employees, assets and liabilities.
 10. These amendments also reduce the size of the Commission from 22 to 9, in accordance with Act 61 of 2001 which amended section 221 of the Constitution. The commission now consists of the chairperson, deputy chairperson, three provincially nominated persons, two local government nominated persons and two other persons. This process to reduce has been phased in, having begun two years ago, and will be completed shortly as new appointments are finalised.

Annual Recommendations of FFC

11. Section 214 of the Constitution requires the Commission to make recommendations to government and legislatures on the division of revenue between the three spheres of government. This is the reason why the FFC is handing its annual recommendations to the Minister of Finance today, before the next Budget.
12. Section 214 of the Constitution states that the annual Division of Revenue Act “may be enacted only after the provincial governments, organised local government and the Financial and Fiscal Commission have been consulted, and any recommendations of the Commission have been considered”. Ten criteria related to fiscal capacity and efficiency, funding of basic services and allocated functions, developmental and other needs, economic disparities and the desirability of stable and predictable allocations had to be taken into account.
13. Section 9(1) of the Intergovernmental Fiscal Relations Act gives effect to section 214(2) of the Constitution, which requires a consultative process for the revenue-sharing process underlying the budget. One of the most important decisions to make for the Budget is the division of revenue between the three spheres of government. The Act requires the FFC to table its recommendations for the division of revenue between the three spheres, normally 10 months before the start of the financial year. Given the elections this year, the recommendations are being made one month later, as allowed in terms of section 9(3) of the Intergovernmental Fiscal Relations Act.
14. The FFC recommendations are given to the national government, and tabled in both houses of Parliament and submitted to provincial legislatures and SALGA. The recommendations are also submitted to all provincial legislatures and organised local government. Given that these

are recommendations for the next Budget, government normally only formally responds to these recommendations at the time of the Budget, through the Division of Revenue Act and its explanatory memorandum, as required by section 10 (2) of the IGFR Act. However, between the tabling of these recommendations and government's formal response, the tabling initiates a very deep process of consultations between the three spheres of government.

15. The recommendations are processed by the executive as follows: the recommendations are discussed in the Budget Council and Budget Forum with provincial MECs of Finance and organised local government. They are also discussed in the Ministers' Committee on the Budget and Extended Cabinet (where Premiers and the chairperson of SALGA) are invited, when national government proposes a division of revenue. Government also indicates its proposed response when tabling the Medium-Term Budget Policy Statement (MTBPS), where a proposed division of revenue is tabled in Parliament. Legislatures also have their own processes for discussing the recommendations. For example, the NCOP convenes hearings to discuss the FFC recommendations with provinces and organised local government. All the legislative hearings recommendations are also taken into account when the national government finalises its response to the FFC recommendations in the Division of Revenue Bill, and its explanatory memorandum (or Annexure E of the Budget Review).

Dr Renosi Mokate

Dr Renosi Mokate holds a BA degree from Lincoln University, Pennsylvania USA and MA and PhD degrees from the University of Delaware, USA. Her areas of specialisation are Development Economics, Urban Economics and Policy Analysis. She has written a number of papers on these topics. Dr Mokate has held various posts including those of Associate Professor of Economics at Lincoln University, Pennsylvania, USA; Senior Policy Analyst, Development Bank of Southern Africa; Director: Centre for Reconstruction and Development, University of Pretoria; Executive Director: Group Economic and Social Analysis, Human Science Research Council; and CEO, Central Energy Fund. She is currently Executive Director of her own company, Mandisis Consulting cc and Honorary Professor of Economics at the University of Pretoria.

Dr Mokate was extensively involved in the transition and Multi-Party processes. She was a technical advisor to the Consultative Business Movement (CBM) during the preparation of the reports on, The “Fiscal Implications of Decentralisation” and “Constitutional Options and their Implications for Good Government and a Sound Economy.” She served as the research coordinator for the Commission on the Demarcation and Delimitation of Regions/Provinces and was the Chief Executive Officer of the Independent Electoral Commission during South Africa’s first democratic elections. After the elections, she was seconded to the Office of the Reconstruction and Development Programme in the Office of the President, as programme manager for macroeconomic and fiscal policy issues.

She has also rendered services to government, the business community and international agencies such as the United Nations Development Agency and the World Bank.

She has received a number of awards including the Independent Electoral Commission Award (2004); Outstanding Alumni Award, CHEP, University of Delaware (2004); Tuksalumni Laureata (2000); Rapport-City Press Women of the Year Award (2000); and the Presidential Citation for Outstanding Achievement, Alumni Award, University of Delaware (1996).

Ms Tania Ajam

Tania Ajam obtained a B.A. (Hons) Economic degree from the University of Cambridge in 1996; a M.Bus.Sc. which was awarded to her with distinction in 1995 from the University of Cape Town, and in 1993 she received a Bus.Sc. (with first class honours and distinction in Economics) also from the UCT.

Her key research areas include intergovernmental fiscal relations, the efficacy of public spending and fiscal institutions and processes.

Ms Ajam is currently a Senior Specialist in Public Finance at the Applied Fiscal Research Centre AFReC (Pty) Ltd, a UCT affiliated company. She joined AFReC in 1997 as Deputy Director and was promoted to a Director in 1999, serving also as Chief Executive Officer from 1999 - 2002. Ms Ajam's functions as CEO included setting up the Company, negotiating the affiliation contract with the University, overall operational and financial management of the Company, implementing strategic plans of the Board of Directors, building capacity and the human resource profile of the organisation.

Before joining AFReC, she was a lecturer at the School of Economics at the University of Cape Town and a Senior Researcher on the Provincial Fiscal Analysis Project at Idasa's Budget Information Service.

Ms Ajam serves on the Financial and Fiscal Commission since November 2001.

Ms Ajam has extensive experience in and worked as a consultant, on behalf of AFReC, in many areas including Performance Budgeting implementation, project design, development of draft unit standards in municipal budgeting and finance, intergovernmental fiscal relations, Public Finance Management Act compliance, and materials development. She has served as a consultant to the National Treasury, NPA, Western Cape Treasury, the Department of Provincial and Local Government, the IDT, amongst others.

Ms Ajam has authored a host of publications including:

- With Carter, J (2003) Coordinating Intergovernmental Planning and Budgeting, Research Monograph 26, Applied Fiscal Research Centre, University of Cape Town
- (2002) "Parliaments and Fiscal Oversight: In Support of Poverty Reducing Service Delivery", Paper presented to the Gauteng Legislature Conference on "Parliaments and Poverty Alleviation", Johannesburg, 2-4 October, 2002
- (2001) "Intergovernmental Fiscal Relations in South Africa " In Levy, N and Tapscott, C, Intergovernmental relations in South Africa: Challenges of Cooperative government", Idasa, Cape Town
- (1999) "Fiscal Federalism in South Africa" In Calitz, E and Black, P (eds) Public Finance, University of South Africa, Oxford University Press

Co-authored with I Abedian and C Barberton (1999) "Fighting Corruption: Balancing Morality with Systemic Governance", In Mavuso, V and Ballia, D. (eds) "Invitation to Ethics Management", Public Service Commission, University of South Africa, Pretoria

Mr Risenga Maluleke

Mr Risenga Maluleke obtained his B.Sc degree from the University of the North in 1991. During 1993 he did his in-service training, which included Demography, Statistics, Introduction to Computers, Classification of Businesses and Statistical Analysis Systems (SAS Programming).

Since December 2001 he has been working at StatsSA as an Executive Manager in the Office of the Statistician-General, where he provides strategic support to the Statistician-General, and the Executive Management Team and the Strategic Management Team. He is also responsible for internal communication, provides statistical support to policy-makers, intergovernmental and interdepartmental relations, international relations and international statistical development as well as for donor funding co-ordination and support and legal services.

Mr Maluleke was the Chairperson for the Organisational Development Task Team that managed the transformation of StatsSA from September 2000 until December 2001.

From February 1997 until September 2000 he was the deputy director for Statistics South Africa in the Northern Province.

His leadership roles and community activities includes membership of the University of the North's Mathematics and Science Student's Associations and the Interim Inter-provincial Liaison Committee (for Limpopo province) on gaming, gambling, betting and casino's.

He was a founder member and chairperson of the Statistics Committee of the Limpopo Province.

From 2000 – 2001 he has been the Chairperson of the Organisational Development Task Team, Statistics South Africa.

Martin Kuscus

Martin Kuscus obtained a BA Cur degree from the University of South Africa in 1992. He is currently in his final year studying part-time for an MBA.

Mr Kuscus served as MEC for Finance in the North West provincial government for ten years, from 1994 until April 2004. He has just been appointed as Chief Executive Officer of the South African Bureau of Standards in June 2004.

Mr Kuscus attended various Executive Development Programmes, including The Prestigious Executive Programme for Leaders in Development at the Kennedy School of Government, Harvard University in June 2000. In 1996 he attended the Economic Policy Development Programme at the London School of Economics.

Mr Blake Mosley-Lefatola

Blake Mosley-Lefatola obtained his BA degree in African Political Studies and Industrial Sociology from the University of the Witwatersrand in 1984. In 1986 he obtained his BA Hons in Industrial Sociology also from Wits University.

He is currently the municipal manager of Tshwane, after serving as a regional director in the City of Johannesburg. Before that he headed the Department of Local Government and Housing for the North West Provincial Government, serving as Deputy Director-General. He also worked for Planact between 1990 and August 1996.

Ms Gugu Moloi

Gugu Moloi obtained a Bachelors Degree in law and a Masters Degree in Town and Regional Planning. She also completed a Diploma in General Management.

Ms Moloi is currently the Chief Executive Officer of Umgeni Water Board. She previously served as CEO of the Municipal Infrastructure Investment Unit (MIIU), and as Chief Director: Municipal Infrastructure and Planning at the Department of Provincial and Local Government. She managed the process of drafting the White Paper on municipal service partnerships and contributed to the chapter on the Municipal Systems Bill that deals specifically with municipal service partnerships.

Ms Moloi is also a non-executive director of Johannesburg Water- the first water utility company in South Africa. She has also been appointed on the board of First Rand.