



13th National Assembly of Pakistan

Budget Debate 2009

June 13-25, 2009

A PILDAT Analysis

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Budget 2009-2010

The recent Budget Session of the National Assembly was yet another of its kind where form and formality completely overshadowed the substance. There were speeches by the dozens but hardly any meaningful input was provided to improve the Budget. Unlike various non-state institutions and media-houses who organise pre-budget consultations, there was hardly any pre-budget forum for the elected representatives in the National Assembly and Senate where they could give their ideas, opinions, advice or recommendations about the broad outlines of the next budget before the budget was shaped. Nor, in turn, did the elected representatives consult the people or various interest groups to act as a conduit of public opinion to the Government. Like almost always, the entire business of presentation of the budget, debate on the proposals, cut-motions, and the passage took no more than 10 days.

The 14th session of the 13th National Assembly, the Budget Session, started on June 12, 2009. The Budget was presented on June 13, 2009; the debate started on June 16, 2009 after 2-days mandatory break and the Finance Bill was passed on June 25, 2009. Although the Budget Process lasted for 14 days, the House met for just 10 working days almost duplicating the performance of last year (Budget Session 2008). The National Assembly debated the budget for a total of 42 Hours this year which, compared to 41.5 hours of last year, indicates almost no change.

No Role for Committees

Despite repeated demands, this year too, no formal or informal role of the Committees was allowed for in the budget session. Despite the fact that the same number of hours were available this year for Budget debate, less members participated in the debate. 170 members participated this year compared to 229 last year. Percentage of treasury members among the total participants of the Budget Debate dropped to 56 % this year compared to 72% last year as 96 MNAs from the ruling coalition participated compared to 166 last year.

The share of opposition MNAs among the participants of the budget debate increased from 28% last year to 44% this year as 74 Opposition MNAs participated this year compared to 63 last year. This may indicate a greater accommodation by the treasury benches which is a positive sign but the overall decrease in the number of participants may be a worrying sign as it may indicate declining interest in the budget process.

Last year 229 MNAs which corresponds to 68 % of the total house participated in the Budget debate compared to 170 or about 50% this year. The last budget session of the 12th National Assembly in 2007 had seen a participation level of

55%. The decline in public representatives' interest in the budget session may be analysed by political parties and the parliamentary leadership. The interest of women MNAs also declined this year as only 46 women MNAs (or 61% of the total women MNAs) participated in the Budget Debate compared to 64 (or 84% of the total women MNAs) last year. Despite the overall decline, the participation level of women MNAs (61%) was better than the overall average participation level (50%) this year which was also the case last year.

The number of cut motions moved in the house also declined significantly this year as only 692 cut motions were moved compared to 1148 in 2008 and 1717 in 2007. Does this also indicate a decline in members' interest in the budget process? This year maximum cut-motions were moved against the budgets of Ministries of Food and Agriculture (75), Foreign Affairs (74) and Water and Power (74) indicating the extent of negative feelings of our law-makers against the working of these ministries.

This year Senate forwarded 91 recommendations to the National Assembly out of which 26 were adopted indicating a success rate of 29% which is quite a decline from last year when 51 out of 76 recommendations were adopted indicating a success rate of 67%.

A Comparison of the Budget Sessions 1998-2009

	1998-99	1999-2000	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Total Working Days of the Budget Session	11	13	5	9	8	13	11	19	10
Number of Members Participated	80	66	48	191	132	183	187	229	170
Time Consumed in the Budget Sessions	17.00 hours	13.50 hours	09.40 hours	45.32 hours	34.20 hours	55.50 hours	45.22 hours	41.46 hours	42 hours

Budget Process: What are the Required Reforms

Non-Inclusive Budget Process

Successive Governments in Pakistan have generally used legislature to rubber-stamp a budget that was shaped to the finest detail by the executive. Parliaments or their members have never been consulted in a pre-budget session about the broad policy parameters of the budget or the Annual Development Plan which is an integral part of the budget and which is a subject of great public interest in each constituency. In fact, the Finance Bill constitutes the single most important legislation debated and passed by a legislature in any given year. Ironically, this is the legislation which gets the least amount of serious attention in the Assembly in terms of its review and oversight as, unlike other legislations, it is never referred to a standing committee for serious analysis and scrutiny. The Budget and the associated documents constitute the single most important package of policy decisions that a parliament takes in a year but it is never given enough time or background details to give tangible feedback. For all practical purposes, the Budget making remains an exclusive domain of the unelected executive and elected representatives are intentionally kept out of the process on the pretext of secrecy because executives traditionally do not want to empower legislatures and then be answerable to them. Granted that the detailing of the budget and number-crunching has to be done by the bureaucrats and nobody has a quarrel with that but the broad policy decisions and direction of the budget need to reflect the policy of an elected government and that is where a broader involvement of the elected representatives is essential to make the budget making an inclusive process and not a prerogative of the few.

Among the elected executive, it is only the Finance Minister and Minister of State in some cases who are somewhat involved in the budget-making. Even the cabinet which has to take the collective responsibility of all Government decisions is made to bless the Budget as a formality just a few hours before the budget is formally presented in the Parliament. Not only that the Parliament and cabinet remain totally ignorant during the pre-budget phase, the budget debate itself is just an eye-wash which some even call a farce. It is an exercise to make Parliament responsible for something it knows nothing of and has had no role in shaping or reviewing.

Parliamentarians are provided something like 1500 to 2000 pages of finely-typed printed documents clogged with figures which are difficult to decipher even by professionals on the day the budget is presented. They have no institutional or individual support to get briefed on the budget and they get just 2 days to start debating the issue. This does not allow even the parliamentary parties sufficient time to study the budget, firm-up their respective positions and brief individual members on the parameters of the debate. The result is that Budget speeches

cover almost anything and everything under the sun but hardly any analytical or serious review of the budget. Most of the speeches relate to the respective constituency problems and issues but seldom scrutinise the budget. The entire budget debate continues for on the average 10 days which translates into anything between 50 to 90 hours.

Budget Process: Role of Committees

At no point any part of the budget is referred to a committee for detailed review and the entire exercise is carried out in the plenary sessions of a house of 342 where no meaningful analysis or dialogue can take place. Parliamentary experts call Committees as the 'Parliament at work' and the plenary as the 'Parliament on Exhibition'. That is why there is an increased trend in the world parliaments to transact most of the parliamentary business in the committees. Pakistani Parliament, at least in the context of the Budget Process, is working just against the trend.

The Defence Budget

Defence Budget is another sore point in the Budget Process of Pakistan. Since after the 1965 war, the bureaucracy in the Ministry of Defence conveniently decided to stop providing any details whatsoever to the Parliament in relation to the Defence Budget under the flimsy pretext of security. All we used to get in the budget was one lump sum figure indicating the amount for the defence budget. Even the break-up of this amount indicating allocation to Army, Air Force and Navy was also not provided. Assembly after assembly swallowed the insult to its supremacy and approved the budget without a question. It was for the first time that some details were provided about the Defence Budget in the 2008-09 Budget mainly due to the initiative of Syed Naveed Qamar, MNA, a veteran parliamentarian who is aware of the parliamentary sensitivities on the subject and who happened to be in-charge of the Ministry of Finance at that time and had presented the Budget. Since the PPP Government had taken over the reins of the government just a little over 2 months before the budget was to be presented, it promised to build on this trend of transparency in the succeeding years.

Fortunately the 2009-10 budget does indicate some progress on that count. The extent of details may not be sufficient even now but we have made progress in providing some details of the Defence Budget to the Parliament and one can hope that the trend will continue in the following years for greater transparency. Nobody wants to jeopardise the national security and therefore classified information is not required but still a lot of information can be provided in the Defence Budget without any security implications.

Budget Process: A Comparison

In contrast to the Parliamentary Budget Process of Pakistan, the Indian Parliament follows a parliamentary budget process of 75 days duration. Soon after the general debate, the Demands for Grants for each ministry including those of the Ministry of Defence are referred to their respective standing committees called Departmentally Related Committees. It is in these committees that the budget goes through a serious, in-depth and mostly non-partisan scrutiny. Each Committee prepares a detailed report on its review of the Demands for Grants which is then presented to the plenary which eventually passes the budget at the close of the 75-days cycle. Indian Parliament receives plenty of details on the Defence Budget and its Defence Committee has presented substantive reports on the review of the Defence Budget at times taking up the issue of 'wastage of funds' but more than once pleading for increasing the Defence Spending as the proposed allocation, in the opinion of the Defence Committee, was not sufficient for the national defence. Indian Defence Budget, like the rest of the budget, is available on the Websites of the Ministry of Defence.

The Canadian Parliament, which was recently visited by a delegation of the Pakistan National Assembly Standing Committee on Finance has set some interesting models for the budget process. The Standing Committee on Finance at the Canadian House of Commons undertakes a comprehensive exercise of holding pre-budget public consultations in various cities of the country. The exercise begins with advertisements in National newspapers by the Finance Committee inviting public and various interest groups such as the Chambers of Commerce, Civil Society Organizations, Trade Unions to forward their ideas and recommendations for the next budget in writing. The Committee then travels to various key cities of the country where it holds open forums with the citizens and interest groups about the next budget. The Finance Committee also invites various experts to present their view points. Based on this exercise, the Committee compiles its report and recommendations and sends these to the Ministry of Finance for possible incorporation in the budget. Roughly 75 % of such recommendations are accepted and incorporated by the Ministry of Finance in the coming budget. This exercise not only reinforces the position of the parliament as the paramount body that articulates public views and concerns on subjects of public and national concern, it provides a very useful insight into public issues. The committee acts as a very effective link between the people and the executive.

Parliament's Exclusive Budget Offices

Canada, like a number of other countries which include an increasing number of developing countries, has established an office of the Parliamentary Budget Officer. This is an independent office that looks at the Budget and National Economy from a stand point which is different from that of the executive and

provides this information to the parliamentarians. A number of Parliaments around the world have their independent budget offices such as Philippines which established its Congressional Budget Office in 1990, Mexico established such an office in 1998, Uganda in 2001, Canada in 2006 and recently Afghanistan in 2007. Such an office provides an independent non-partisan analysis of the Budget to the parliamentarians which can greatly assist them in reviewing the budget and forming an opinion on it.

Recommendations to Improve the Budget Process

Now that Pakistan has a functional democracy and at least the form of democracy is fully restored it is about time that we move towards strengthening the democratic processes and institutions. One such important process is the Parliamentary Budget Process. The political and parliamentary leadership should seriously consider about introducing meaningful reforms well ahead of the beginning of the next Budget cycle. Some of these reforms relate to

1. The duration of the Parliamentary Budget Process should be extended to minimum 60 days. The Budget session should start from the first working day of May and concluding by June 30.
2. Each National Assembly Standing Committees should receive the relevant Demands for Grants and a briefing from the concerned Ministry. The Standing Committees should be given Approximately 2 to 3 weeks to complete their consideration and prepare their reports for the House.
3. The National Assembly Standing Committee on Finance and senior parliamentarians from all parties should spearhead the reform effort. In view of the extremely important and specialised nature of the reforms, the Standing Committee on Finance may constitute a Sub-Committee on Parliamentary Budget Process Reforms.

In order to bridge the gap between people and the Parliament, the Finance Committee should hold Pre-Budget public hearings starting in October in Islamabad and at least 4 provincial capitals. The hearings should be publicised in the media and media be allowed to cover the hearings. This act alone will be the single most rewarding activity for the parliament and parliamentarians. Each hearing should be well-documented and the Committee should forward the recommendations to the Ministry of Finance. The committee should be provided adequate human and other resources for this purpose.

4. Like all other departments and Ministries, the budget of the Ministry of Defence and the Armed Forces which are placed under the Ministry of Defence, should also be placed among the Budget documents. The Demand for Grant for the Ministry of Defence should be reviewed by the Standing Committee on Defence. A part of the Committee proceedings may be held in camera if considered appropriate by the Committee Chair.
5. In keeping with the growing trend in the world, Pakistani Parliament should consider the establishment of an Independent Budget Analysis Unit within the Parliament staffed with experts who can provide unbiased information relating to the budget and an independent analysis for the benefit of the parliamentarians.
6. Each Ministry / Division should send their Annual Report for the preceding year to the Parliament. This report should be reviewed and considered while each standing committee is reviewing the Demands for Grants.

The Parliament should move to have the above reforms in place well before the Budget Session of the Financial Year 2010-11. The Standing Committee on Finance should start holding Public Hearings in October 2009 and the Budget Session for the financial year 2010-11 should commence on May 3, 2010.