

**NATIONAL TREASURY**  
**STRATEGIC PLAN 2015/19 AND ANNUAL PERFORMANCE**  
**PLAN 2019/20**  
*STANDING COMMITTEE ON FINANCE*

04 July 2019



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# NATIONAL TREASURY (NT) MANDATE CONTRIBUTING TO OUTCOMES

## Chapter 13 of the Constitution

## Chapter 2 PFMA

Coordinating intergovernmental financial and fiscal relations

Enforcing transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities, and constitutional institutions

Promoting national government's fiscal policy and the coordination of its macroeconomic policy

Managing the budget preparation process

Ensuring the stability and soundness of the financial system and financial services

**Vision:** The National Treasury is the custodian of the nation's financial resources. We hold ourselves accountable to the nation to discharge our responsibilities professionally and with humility, with the aim of promoting growth and prosperity for all. We aspire to excellence in the quality of our analysis, our advice and the execution of our financial management responsibilities. We aim to realise the full potential of South Africa's economy and people and to mobilise the resources of the state, business enterprises and the wider community in a partnership of trust and mutual respect.

**Mission:** Support economic growth and development, good governance, social progress and rising living standards through the accountable, economical, efficient, equitable and sustainable management of public finances, maintenance of macroeconomic and financial sector stability, and effective financial regulation of the economy.

## NT reports to:

### Outcome 4

Decent employment through inclusive economy  
Growth

### Outcome 6

An efficient, competitive and responsive economic infrastructure network.

### Outcome 8

Sustainable human settlements and improved quality of household life

### Outcome 9

A responsive, accountable, effective local government system

### Outcome 11

Create a better South Africa and contribute to a better and safer Africa and the world

### Outcome 12

An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship

# DEVELOPMENT OF NEW POLICIES OR REVIEWING OF EXISTING INSTRUMENTS (2019/20)

APP Pages 6

<b>NEW LEGISLATION DURING THE 2018/19 FINANCIAL YEAR WHICH AFFECTS NATIONAL TREASURY:</b>	<b>DRAFT LEGISLATION THAT WILL BE PROCESSED DURING 2019/20:</b>
Appropriation Act, 2018 (Act No. 4 of 2018)	Public Procurement Bill
Division of Revenue Act, 2018 (Act No. 1 of 2018) (DoRA)	Financial Matters Laws Amendment Bill
Financial Intelligence Centre Amendment Act, 2017 (Act No. 1 of 2017) (FIC Amendment Act)	Financial Services Laws General Amendment Bill
Financial Sector Regulation Act, 2017(Act No. 9 of 2017) (FSR Act)	Municipal and Fiscal Powers and Functions Amendment Bill
Adjustments Appropriation Act, 2018 (Act No. 17 of 2018)	Conduct of Financial Institutions Bill
Division of Revenue Amendment Act, 2018 (Act No. 14 of 2018)	Appropriation and Adjustments Appropriation Bills, 2019
Rates and Monetary Amounts and Amendments of Revenue Laws Amendment Act, 2018 (Act No. 21 of 2018)	Division of Revenue and Divisions of Revenue Amendment Bills, 2019
Tax Administration Laws Amendment Act, 2018 (Act No. 17 of 2018)	Rates and Monetary Amounts and Amendments of Revenue Laws Amendment Bill, 2019
Taxation Laws Amendment Act, 2018 (Act No. 23 of 2018)	Tax Administration Laws Amendment Bill, 2019
Carbon Tax Bill (Bill No. 46 of 2018)	Taxation Laws Amendment Bill, 2019

## NT APP 2019/20 FOCUSES THE WORK OF THE DEPARTMENT IN:

- Further development followed by implementation of the comprehensive prudential and market conduct framework for new authorities.
- Development of retirement reform policies.
- Providing advice and input into tax policy, frameworks and legislation.
- Conducting research into key areas of the economy to better inform the implementation of economic policy.
- Coordination of the national budgeting process. This entails overseeing expenditure planning, leading the budget reform programme, and compiling public finance statistics.
- Monitoring and analysing public expenditure.
- Coordination of fiscal relations between the three spheres of government - national, provincial and local. A key aspect of this is to ensure sound budgetary planning at provincial and local levels of government.

## NT APP 2019/20 FOCUSES THE WORK OF THE DEPARTMENT IN:

- Managing government's annual funding programme by way of optimally managing public debt, ensuring that government's liquidity requirements are met through effective cash management, and overseeing state owned companies to achieve government's policy objectives in a financially and fiscally sustainable manner.
- Improving financial management governance and compliance across all spheres of government and in government entities, thereby giving effect to the PFMA and MFMA.
- Managing government's financial systems.
- Overseeing and improving government's supply chain management systems.
- Advancing South Africa's national economic interests specifically and those of Africa, within the context of reputable international institutions dealing with economic development.
- Effectively administering programmes in partnership with stakeholders, including employment creation facilitation via the Jobs Fund, improvement of municipal finances through the Municipal Finance Improvement Programme (MFIP), working with cities to ensure economic growth and a reduction in poverty through a change in their spatial structure (more compact, and connected) through the Cities Support Programme (CSP)

# STRUCTURE AND COMPOSITION OF PROGRAMMES

## **Programme 1: Administration**

*Ministry  
Office of the DG  
Corporate Services*

## **Programme 2: Economic Policy, Tax, Financial Regulation and Research**

*Economic Policy  
Tax and Fin Sec. Policy*

## **Programme 3: Public Finance and Budget Management**

*Public Finance  
Budget Office  
Intergovernmental Relations*

## **Programme 4 : Asset and Liability Management**

*Asset and Liability Management*

## **Programme 5: Financial Accounting and Supply Chain Management Systems**

*Office of the Accountant General  
Office of the Chief Procurement Officer*

## **Programme 6: International Financial Relations**

*International and Regional Economic Policy*

## **Programme 7: Civil and Military Pensions, Contributions to Funds & Other Benefits**

## **Programme 8: Technical Support and Development Finance**

## **Programme 9: Revenue Administration**

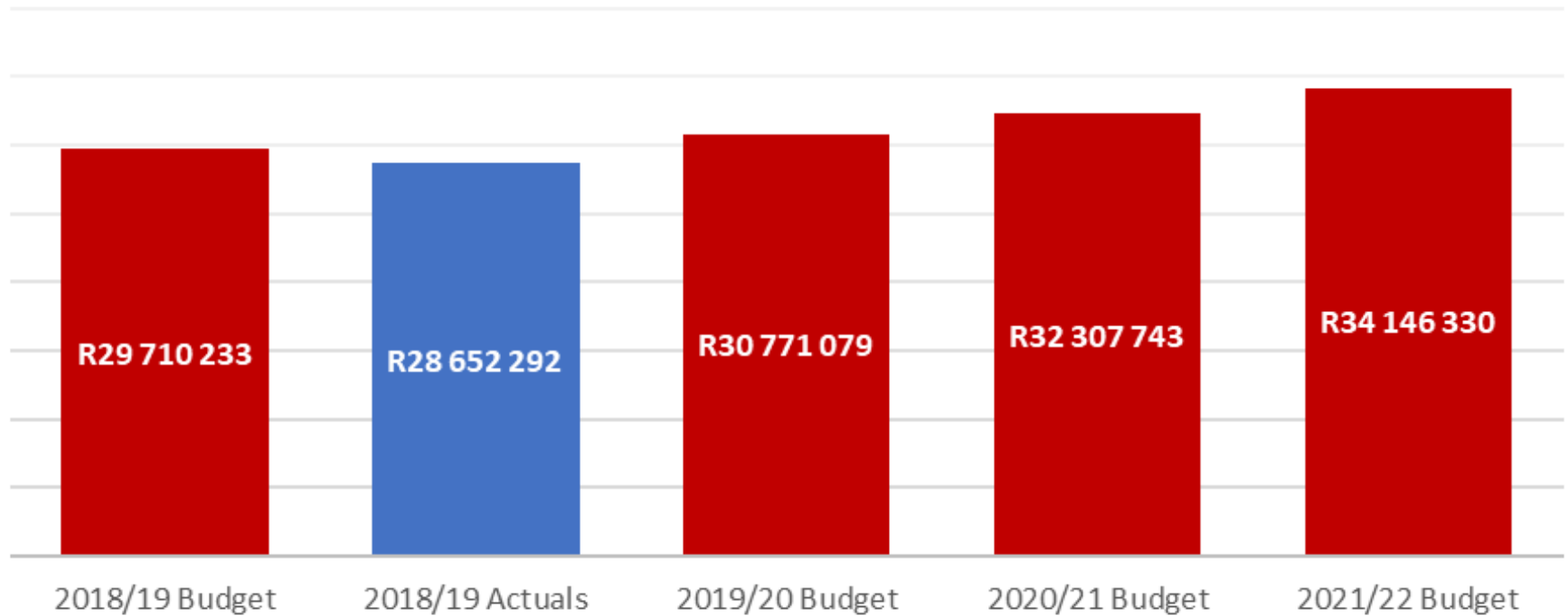
## **Programme 10: Financial Intelligence and State Security**

# FINANCIAL RESOURCE PLAN 2019/20-2021/22

Programme	Final Budget 2018/19	Actual Outcomes 2018/19	ENE Budget		
			2019/20	2020/21	2021/22
	R'000	R'000	R'000	R'000	R'000
Administration	453 819	424 274	555 720	599 362	636 839
Economic Policy, Tax, Financial Regulation and Research	152 770	138 756	149 713	159 612	169 032
Public Finance and Budget Management	298 047	295 370	320 006	325 294	344 215
Asset and Liability Management	101 585	91 185	108 428	116 060	121 959
Financial Accounting and Supply Chain Management Systems	1 102 085	869 104	1 093 586	1 159 198	1 222 574
International Financial Relations	5 883 121	5 807 686	5 751 482	6 059 344	6 396 633
Civil and Military Pensions, Contributions to Funds and Other Benefits	5 021 277	5 020 100	5 574 503	5 590 245	5 895 313
Technical Support and Development Finance	2 926 779	2 235 067	2 737 557	2 965 424	3 176 212
Revenue Administration	9 007 217	9 007 217	9 529 031	10 110 017	10 673 090
Financial Intelligence and State Security	4 763 533	4 763 533	4 951 053	5 223 187	5 510 463
<b>Total</b>	<b>29 710 233</b>	<b>28 652 292</b>	<b>30 771 079</b>	<b>32 307 743</b>	<b>34 146 330</b>
Percentage Growth Rate			3,6%	5,0%	5,7%

# FINANCIAL RESOURCE PLAN 2018/19-2021/22

2018/19 ACTUALS VS BUDGET MEDIUM-TERM YEARS  
(R'000)



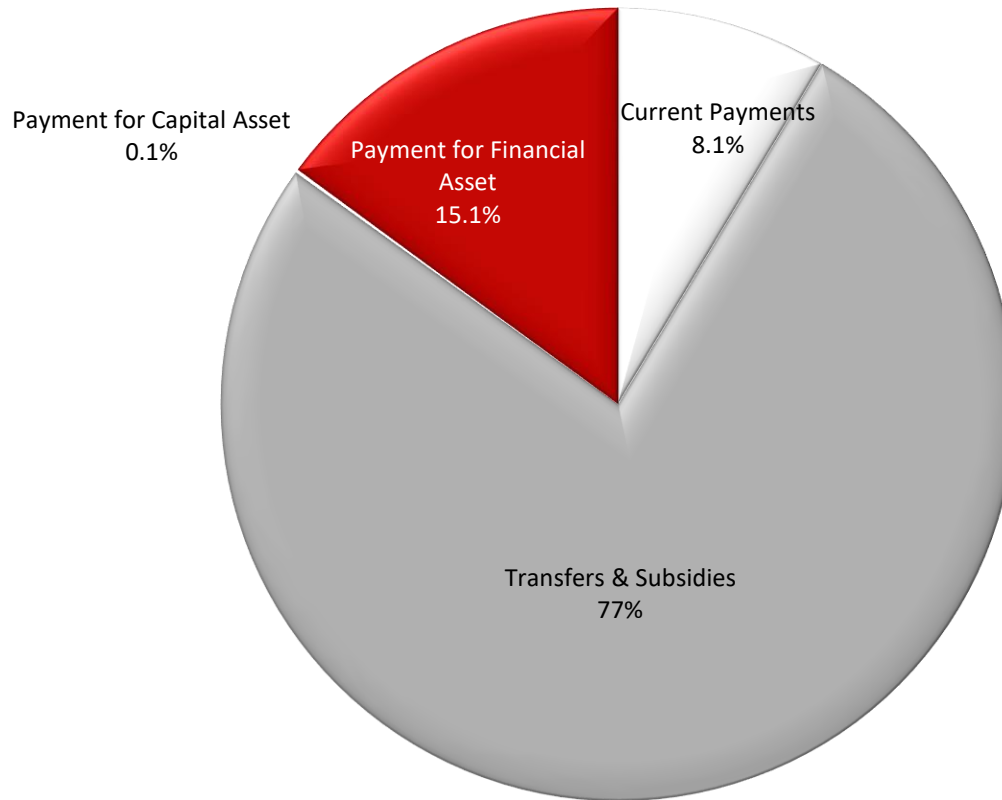


# CLASSIFICATION OF FINANCIAL RESOURCE PLAN 2019/20

Programmes	Main Appropriation R'000	Current Payments R'000	% Allocation	Transfers & Subsidies R'000	% Allocation	Payment for Capital Asset R'000	% Allocation	Payment for Financial Asset R'000	% Allocation
Administration	555 720	533 428	96.0%	4 104	0.7%	18 188	3.3%	-	0.0%
Economic Policy, Tax, Financial Regulation and Research	149 713	128 059	85.5%	20 759	13.9%	895	0.6%	-	0.0%
Public Finance and Budget Management	320 006	263 317	82.3%	54 319	17.0%	2 370	0.7%	-	0.0%
Asset and Liability Management	108 428	107 685	99.3%	-	0.0%	743	0.7%	-	0.0%
Financial Accounting and Supply Chain Management Systems	1 093 586	970 030	88.7%	109 682	10.0%	13 874	1.3%	-	0.0%
International Financial Relations	5 751 482	65 579	1.1%	1 027 298	17.9%	705	0.0%	4 657 900	81.0%
Civil and Military Pensions, Contributions to Funds and Other Benefits	5 574 503	72 712	1.3%	5 501 791	98.7%	-	0.0%	-	0.0%
Technical Support and Development Finance	2 737 557	365 289	13.3%	2 372 268	86.7%	-	0.0%	-	0.0%
Revenue Administration	9 529 031	-	0.0%	9 529 031	100.0%	-	0.0%	-	0.0%
Financial Intelligence and State Security	4 951 053	-	0.0%	4 951 053	100.0%	-	0.0%	-	0.0%
<b>Total</b>	<b>30 771 079</b>	<b>2 506 099</b>	<b>8.1%</b>	<b>23 570 305</b>	<b>76.6%</b>	<b>36 775</b>	<b>0.1%</b>	<b>4 657 900</b>	<b>15.1%</b>

# CLASSIFICATION OF FINANCIAL RESOURCE PLAN 2019/20

## ECONOMIC CLASSIFICATIONS



# PROGRAMME 1: ADMINISTRATION

SP Page 22  
APP Page 25 - 29

**ENSURES EFFECTIVE LEADERSHIP, STRATEGIC MANAGEMENT AND ADMINISTRATIVE SUPPORT SERVICES TO THE NATIONAL TREASURY THROUGH CONTINUOUS REFINEMENT OF ORGANISATIONAL STRATEGY AND STRUCTURE IN LINE WITH APPROPRIATE LEGISLATION AND BEST PRACTICE.**

- Give further effect to organisational optimisation by providing integrated business solutions focusing on the areas of corporate governance and cost savings.
- Ensure good governance and sound control environment by implementing the risk-based IA plan
- Manage enterprise-wide risks and assist the Ministry with effective oversight of Public Entities, reporting to the Minister of Finance, governance and performance.
- Provide support for strategic planning, performance management and reporting across the organisation.
- Further advance cost containment through savings on the Rand value budgeted for paper usage, travel and strategic sourcing.

# PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH

SP Page 27

APP Page 34 – 41

## PROVIDE SPECIALIST POLICY RESEARCH, ANALYSIS AND ADVISORY SERVICES IN THE AREAS OF MACROECONOMICS, MICROECONOMICS, THE FINANCIAL SECTOR, TAXATION AND REGULATORY REFORM.

- Conduct relevant micro and macro economic research that contributes to the promotion of macroeconomic stability, poverty alleviation, retirement reform, social security and the development of inclusive growth and job creating policies.
  - Analysing options for the reform of network industries to lower the cost of doing business and living.
  - Impact of low growth on long term fiscal sustainability.
  - Publish papers through the SA-TIED programme.
  - Continue to monitor external vulnerabilities facing the domestic economy and provide recommendations on how to address them and maintain macro stability thus providing a supportive environment for transformational policies.
- Develop and maintain economic forecasting models that provide reliable macro-economic projections that aid policy making.
- Development of the Twin Peaks model legislation and the comprehensive prudential and market conduct framework for new authorities.
- Development of retirement reform policies.
- Submission of tax legislation for tabling in Parliament.

# PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

SP Page 31  
APP Page 46 - 60

**PROVIDE ANALYSIS AND ADVICE ON FISCAL POLICY AND PUBLIC FINANCES, INTERGOVERNMENTAL FINANCIAL RELATIONS, EXPENDITURE PLANNING AND PRIORITIES. MANAGE GOVERNMENTS ANNUAL BUDGET PROCESS AND PROVIDE PUBLIC FINANCE MANAGEMENT SUPPORT.**

- Contribute to the South African economy by developing, ensuring Cabinet authorisation of and implementing South Africa's fiscal policy and related frameworks, importantly the budget process.
- Prepare a national budget that supports government's long-term policy and strategic priorities, within a fiscal framework that will ensure sound and sustainable financial policies and the effective, efficient and appropriate allocation of public funds.
- Analysing and monitoring public expenditure and service delivery.
- Provide financial and budgetary analysis of government programmes.
- Coordinating international development cooperation by effectively managing and coordinating official development assistance (ODA), which includes grants, concessionary loans and technical assistance.
- Coordinating fiscal relations between the three spheres of government and promoting sound financial planning, reporting and management.

# PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

SP Page 31  
APP Page 46 – 60

**PROVIDE ANALYSIS AND ADVICE ON FISCAL POLICY AND PUBLIC FINANCES, INTERGOVERNMENTAL FINANCIAL RELATIONS, EXPENDITURE PLANNING AND PRIORITIES. MANAGE GOVERNMENT'S ANNUAL BUDGET PROCESS AND PROVIDE PUBLIC FINANCE MANAGEMENT SUPPORT.**

- On-going engagement with officials from departments, public entities and constitutional institutions to promote efficient utilisation of state resources
- Provide support to provincial treasuries to strengthen their oversight and address municipal finance performance failures.
- Strengthen monitoring and assessment to ensure credibility of provincial and LG budget process.
- Implement incentives in the financing of infrastructure and provide technical assistance to provincial departments to promote effective planning, implementation and management.
- Drive reforms in the fiscal system and provide technical support to cities to strengthen infrastructure planning, delivery capacity and to support spatial transformation and inclusive developments.

# PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

SP Page 37  
APP Page 64 - 70

**MANAGE GOVERNMENT'S ANNUAL FUNDING PROGRAMME IN A MANNER THAT ENSURES PRUDENT CASH MANAGEMENT, AN OPTIMAL PORTFOLIO OF DEBT AND OTHER FISCAL OBLIGATIONS. PROMOTE AND ENFORCE THE PRUDENT FINANCIAL MANAGEMENT OF STATE OWNED ENTITIES THROUGH FINANCIAL ANALYSIS AND OVERSIGHT.**

- Exercise oversight over state owned enterprises to enable the achievement of government's policy objectives, whilst ensuring financial and fiscal sustainability.
- Maintain sound investor relations and engage with credit rating agencies.
- Finance government's gross borrowing requirement over the MTEF and minimise risk emanating from government's fiscal obligations by measuring performance against risk benchmarks.
- Ensure sound management of government's cash resources by meeting government's liquidity requirement at all times.

# PROGRAMME 5: FINANCIAL SYSTEMS AND SUPPLY CHAIN MANAGEMENT SYSTEMS

SP Page 40  
APP Pages 74 - 91

## **FACILITATE GOVERNANCE AND ACCOUNTABILITY BY PROMOTING AND ENFORCING THE TRANSPARENT, ECONOMIC AND EFFECTIVE MANAGEMENT OF REVENUE, EXPENDITURE, ASSETS, LIABILITIES AND SUPPLY CHAIN PROCESSES IN THE PUBLIC SECTOR.**

- Improve governance and compliance across all spheres of government by:
  - Maintaining and enhancing the legislative framework.
  - Enforcing compliance with public-sector financial management legislation in each sphere of government.
  - Providing technical support services to address implementation challenges in financial management, IA and risk management.
  - Support and facilitate capacity development across all spheres of government in order to improve financial management execution.
  - Issuing frameworks, guidelines, circulars, treasury instructions and other tools to enable proper implementation of the legislation.
  - Monitoring and evaluating financial management, IA and risk management across government.
  - Facilitating and undertaking special investigations and performance audits to improve financial governance and compliance.



# PROGRAMME 5: FINANCIAL SYSTEMS AND SUPPLY CHAIN MANAGEMENT SYSTEMS

SP Page 40  
APP Page 74 - 91

## **FACILITATE GOVERNANCE AND ACCOUNTABILITY BY PROMOTING AND ENFORCING THE TRANSPARENT, ECONOMIC AND EFFECTIVE MANAGEMENT OF REVENUE, EXPENDITURE, ASSETS, LIABILITIES AND SUPPLY CHAIN PROCESSES IN THE PUBLIC SECTOR.**

- Modernise SCM policies and procedures.
- Monitor and evaluate SCM performance.
  - Reviewing SCM policies to ensure a simplified and modernised SCM environment in government, including the amendment of processes and procedures in line with the revised policies.
- Monitor and evaluate SCM performance through:
  - The review of departments/entities quarterly performance information reports, publishing of procurement plans on the e-tender portal.
  - Review of bid specifications as well as bid evaluations and adjudications for alignment as specified, review contracts awarded to verify if contract delivery is in line with the specifications; and projects visited to verify if delivery of the awarded contracts is aligned with the contract conditions.
- Build and strengthen stakeholder relations
- Modernise and automate SCM processes through:
  - Updating the e-procurement business processes.

# PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

SP Page 46  
APP Pages 96 - 101

## MANAGE SOUTH AFRICA'S INTERESTS IN SHAPING REGIONAL AND GLOBAL POLICIES THAT ADVANCE THE ECONOMIC, FINANCIAL AND DEVELOPMENT OBJECTIVES OF THE COUNTRY AND AFRICA.

- Advance South Africa's national economic interests specifically, and those of Africa generally by:
  - Managing the relationship between South Africa and selected public finance and development institutions, with particular focus on implementation of agreements.
  - Increase capital participation (as appropriate) to more firmly anchor South Africa's role in international and continental institutions.
  - Advancing governance reform and press for improved effectiveness in the delivery of institutional/ organisational mandates.
- Increase Africa's voice and South Africa's influence in international institutions and forums:
  - Strengthen and expand South Africa's engagement in key institutions and with partners at selected policy fora.
- Promote regional economic integration and strengthen economic links within Africa by:
  - Encouraging increased cooperation and investment that support improved interconnectedness in the region.
  - Expanding bilateral engagements on issues of mutual interest.

# PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

SP Page 50

APP Page 106 - 109

**PROVIDE FOR GOVERNMENTS PENSION AND POST RETIREMENT MEDICAL BENEFIT OBLIGATIONS TO FORMER EMPLOYEES OF STATE DEPARTMENTS AND BODIES. PROVIDE FOR SIMILAR BENEFITS TO RETIRED MEMBERS OF THE MILITARY (GPAA).**

- Ensure good governance and robust control environment for fund administration
  - Improved data integrity and governance
- Provide an improved and integrated customer service experience relating to:
  - Client interface
  - Efficiency gains in improved turnaround times and economic transactions

# PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT & DEVELOPMENT FINANCE

SP Page 54  
APP Page 113 - 121

**PROVIDE ADVISORY SERVICES, PROGRAMME MANAGEMENT AND DEVELOPMENT FINANCE SUPPORT TO IMPROVE PUBLIC FINANCE MANAGEMENT, SUPPORT HIGH-IMPACT GOVERNMENT INITIATIVES, FACILITATE EMPLOYMENT CREATION AND STRENGTHEN INFRASTRUCTURE PLANNING AND DELIVERY.**

- Establish the Government Technical Advisory Centre (GTAC) as a centre of excellence in public sector advisory services, transaction support, project management and public finance management.
- Local government financial management improvement:
  - Municipal Finance Improvement Programme (MFIP).
- Promotion of urban integration and neighbourhood development:
  - Urban Development and Support.
  - Neighbourhood Development Programme Grant (NDPG).
  - Integrated City Development Grant.
- Facilitation of employment creation and inclusive growth:
  - Employment Creation Facilitation.
  - Jobs Fund.
- Improved infrastructure planning, management and skills development:
  - Infrastructure Development Support.
  - Infrastructure Skills Development Grant.
  - Infrastructure Delivery Improvement Programme.

# HUMAN CAPITAL

Number of posts estimated for 31 March 2019			Number and cost <sup>2</sup> of personnel posts filled/planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Average Salary level/Total (%)			
			2017/18			2018/19			2019/20		2020/21		2021/22				2018/19 - 2021/22		
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost				Number	Cost
<b>National Treasury</b>																			
<b>Salary level</b>	<b>1 011</b>	<b>116</b>	<b>1 128</b>	<b>803.7</b>	<b>0.7</b>	<b>1 045</b>	<b>807.8</b>	<b>0.8</b>	<b>1 048</b>	<b>869.3</b>	<b>0.8</b>	<b>1 044</b>	<b>934.5</b>	<b>0.9</b>	<b>1 041</b>	<b>995.3</b>	<b>1.0</b>	<b>-0.1%</b>	<b>100.0%</b>
1 – 6	110	56	114	19.5	0.2	109	20.0	0.2	108	21.2	0.2	106	22.4	0.2	112	25.6	0.2	0.9%	10.4%
7 – 10	356	47	411	203.5	0.5	392	218.6	0.6	394	236.2	0.6	392	254.2	0.6	388	271.7	0.7	-0.3%	37.5%
11 – 12	285	3	298	249.9	0.8	260	228.1	0.9	264	248.8	0.9	261	264.0	1.0	258	279.6	1.1	-0.3%	25.0%
13 – 16	258	10	305	326.5	1.1	284	341.0	1.2	282	363.1	1.3	285	394.0	1.4	283	418.4	1.5	-0.1%	27.1%
Other	2	–	–	4.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Programme</b>	<b>1 011</b>	<b>116</b>	<b>1 128</b>	<b>803.7</b>	<b>0.7</b>	<b>1 045</b>	<b>807.8</b>	<b>0.8</b>	<b>1 048</b>	<b>869.3</b>	<b>0.8</b>	<b>1 044</b>	<b>934.5</b>	<b>0.9</b>	<b>1 041</b>	<b>995.3</b>	<b>1.0</b>	<b>-0.1%</b>	<b>100.0%</b>
Programme 1	312	72	352	203.0	0.6	321	195.6	0.6	331	219.3	0.7	326	236.1	0.7	333	257.2	0.8	1.2%	31.4%
Programme 2	80	2	90	77.0	0.9	81	78.8	1.0	79	82.1	1.0	82	88.5	1.1	85	94.3	1.1	1.6%	7.8%
Programme 3	252	5	271	211.7	0.8	252	214.6	0.9	239	219.2	0.9	236	234.9	1.0	230	248.1	1.1	-3.0%	22.9%
Programme 4	92	4	97	75.2	0.8	98	78.7	0.8	99	84.6	0.9	99	91.2	0.9	98	96.5	1.0	–	9.4%
Programme 5	243	30	283	206.1	0.7	258	206.7	0.8	261	223.7	0.9	262	240.5	0.9	256	253.4	1.0	-0.3%	24.8%
Programme 6	32	3	35	30.7	0.9	35	33.5	1.0	39	40.4	1.0	39	43.4	1.1	39	45.9	1.2	3.7%	3.6%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

**THANK YOU**

**NATIONAL TREASURY  
STRATEGIC PLAN 2015/19 AND ANNUAL PERFORMANCE  
PLAN 2019/20**

***STANDING COMMITTEE ON FINANCE  
04 July 2019***



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA