

NATIONAL TREASURY

ANNUAL PERFORMANCE PLAN 2022-23

STANDING COMMITTEE ON FINANCE

PRESENTED BY:

THE DIRECTOR-
GENERAL

AND

CD: SPM&E, THE ODG

23 March 2022



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

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NATIONAL TREASURY (NT) MANDATE MTSF PRIORITIES

Chapter 13 of the Constitution

Chapter 2 PFMA

Chapter 5 MFMA

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

NT reports to:

Priority 1

Capable, ethical and developmental state.

Priority 2

Economic transformation and job creation.

Priority 3

Education, skills and health.

Priority 5

Spatial integration, human settlements and local government.

Priority 7

A better Africa and world.

NATIONAL TREASURY STRATEGIC PLAN 2020 – 2025

IMPACT STATEMENT

Improved living standards

MISSION

As custodians of the nation's financial resources we oversee the management of public finances, we maintain the stability of the macro-economic and financial sectors and we ensure the effective financial regulation of the economy. We embrace innovation and sustainability as we strive to realise the full potential of South Africa's economy and people. In doing this, we value and invest in our staff, hold them accountable, recognise each contribution and celebrate our diversity.

VISION

National Treasury strives to be professional, courageous and trusted, working in partnership to mobilise resources, to improve the living standards of South Africans.

We aspire to excellence in the quality of our analysis, advice and execution of our financial management responsibilities.

VALUES

We are guided by a core set of values:

INTEGRITY: We do the right thing by holding ourselves to exemplary ethical standards.

PROFESSIONALISM: Our work is of the highest quality, accuracy and reliable.

ACCOUNTABILITY: We are responsible for our decisions, actions and our work.

CONSULTATION: We believe in consulting within and outside our organisation.

TRANSPARENCY: We are committed to being accessible, honest, trustworthy and open.

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 Financial Sector 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

*Civil and Military Pensions, Contributions to
Funds and Other Benefits*

Programme 8: Revenue Administration

Programme 9: Financial Intelligence and State Security

NATIONAL TREASURY'S APP 2022/23 FOCUS

Annual Performance Plan Pages 5 - 6

NT APP 2022/23 FOCUSES THE WORK OF THE DEPARTMENT IN:

- Coordination of the national budgeting process.
- Monitoring and analysing public expenditure as well as managing future spending growth and fiscal risk.
- Coordination of fiscal relations between the three spheres of government with emphasise on ensuring sound budgetary planning at provincial and local levels of government.
- Providing advice and input into tax policy, frameworks and legislation and strengthening financial sector regulation.
- Conducting of research into strategic areas of the economy to better inform the implementation of economic policy.
- 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 enable their achievement of government's policy objectives in a manner that is financially and fiscally sustainable.
- Strengthening public sector financial management as well as improving financial management governance and compliance across all spheres of government and in government entities.
- Managing government's financial systems.
- Overseeing and modernising government's supply chain management systems and making government procurement more transparent, efficient, effective and economical.
- Advancing South Africa's national economic interests, within the context of reputable international institutions dealing with economic development and facilitating regional and international cooperation.
- Supporting infrastructure development and economically integrated cities and communities.

NATIONAL TREASURY'S APP 2022/23 FOCUS

Annual Performance Plan Pages 5 - 6

NT APP 2022/23 FOCUSES THE WORK IN THE DEPARTMENT ON:

- Delivery continues on the four pillars of the NT's Optimising the Organisation Plan.
- Phase 1 of the Organisational Review has been completed with a proposed functional structure having been designed.
- Regular consultations with staff will continue.
- Further measures to attract and retain staff are being undertaken.
- NT continues to reach and exceed employment targets bar persons with disabilities, which is an absolute priority.
- The process to fill vacant positions continues.
- A review of SCM in NT is being conducted to enhance the effectiveness of the process, efficiency of procedures and impact of the system.
- The programme to modernise systems and automate processes across the department is being accelerated.
- Further focus will be placed on implementing the annual training programme to ensure continuous development of NT employees along with continuing the successful Graduate Development Programme.
- The DG's Special Committee on Gender mainstreaming is implementing its POA with its 7 transformative workstreams.
- In a response to the call for action to support Women Empowerment and Gender Equality, the Women Empowerment and Leadership Programme for Women in Public Finance across government has been established.

PLANNED UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

Annual Performance Plan Pages 9 - 10

Tax Administration Laws Amendment Act 2012 (Act 21 of 2012)	The Land and Agricultural Development Bank Act 2002 (Act 15 of 2002)
Taxation Laws Amendment Act 2012 (Act 22 of 2012)	The Lotteries Act 1997 (Act 57 of 1997)
The Adjustments Appropriation Act 2012 (Act 17 of 2012)	The Lotteries Amendment Act 2013 (Act 32 of 2013)
The Appropriation Act 2012 (Act 7 of 2012)	The Municipal Finance Management Act 2003 (Act 56 of 2003)
The Co-Operative Banks Act 2007 (Act 40 of 2007)	The National Credit Act (NCA) 2005 (Act 34 of 2005)
The Credit Rating Services Act 2012 (Act 24 of 2012)	The National Gambling Act 2004 (Act 7 of 2004)
The DBSA Act 1997 (Act 13 of 1997)	The PIC Act 2004 (Act 23 of 2004)
The Division of Revenue Act 2012 (Act 5 of 2012)	The Public Finance Management Act 1999 (Act 1 of 1999)
The Division of Revenue Amendment Act 2012 (Act 18 of 2012)	The Rates and Monetary Amounts and Amendment of Revenue Laws Act 2012 (Act 13 of 2012)
The FIC Act 2001 (Act 38 of 2001)	The SARS Act 1997 (Act 34 of 1997)
The Financial Advisory and Intermediaries (FAIS) Act 2002 (Act 37 of 2002)	The South African Reserve Bank (SARB) Act 1989 (Act 90 of 1989)
The Financial Markets Act 2012 (Act 19 of 2012)	The Tax Administration Act 2011 (Act 28 of 2011).
The FSR Act 2017 (Act 9 of 2017)	

PROGRAMME 1: ADMINISTRATION

Annual Performance Plan Pages 25 - 32

PROVIDE STRATEGIC LEADERSHIP, MANAGEMENT AND SUPPORT SERVICES TO THE DEPARTMENT

- Monitor the efficiency of ICT by ensuring 93% delivery against the service level agreements.
- Ensure usefulness and reliability of the reported performance information in accordance with the performance management and reporting framework by obtaining an unqualified audit opinion with 25% fewer findings than 2021/22 on financial and non-financial performance information.
- Ensure good governance and sound control environment by achieving level 4 of the risk management maturity assessment.
- Advance organisational optimisation by utilising 70% of the training and development budget in the 2022/23 financial year.
- Produce 4 quarterly progress reports on the extent of mainstreaming and institutionalisation of Women, Youth, Persons with Disabilities (WYPD) in the department through the implementation of the action plan on gender mainstreaming.

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

Annual Performance Plan Pages 37 - 41

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

- Publish 15 research papers.
- Submission of financial sector legislation for tabling in Parliament.
- Submission of tax legislation for tabling in Parliament.
- Develop 4 economic forecasts that provide reliable macro-economic projections to aid policy making.
- Produce 8 relevant micro and macro economic research outputs that contribute to the promotion of macroeconomic stability, poverty alleviation, retirement reform, social security and the development of inclusive growth and job creating policies.

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

Annual Performance Plan Pages 47 - 54

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. FACILITATE HIGH-IMPACT GOVERNMENT INITIATIVES, EMPLOYMENT CREATION AND STRENGTHEN INFRASTRUCTURE PLANNING AND DELIVERY

- 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.
- Provide fiscal policy advice by monitoring economic and fiscal trends and advising on policy options and the budget framework.
- Coordinate the national budgeting process which includes coordinating resource allocation to meet strategic priorities set by government in line with a fiscal framework that will ensure sound and sustainable financial policies.
- Introduce 3 reforms to enhance provincial and local government fiscal frameworks.
- Implement 5 township economic development strategies.
- Review 100% of infrastructure plans assessment reports to monitor the ability of provincial departments to improve their infrastructure planning.

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

Annual Performance Plan Pages 47 - 54

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. FACILITATE HIGH-IMPACT GOVERNMENT INITIATIVES, EMPLOYMENT CREATION AND STRENGTHEN INFRASTRUCTURE PLANNING AND DELIVERY

- Identify and approve 20 catalytic projects in spatially targeted areas within metropolitan cities, secondary cities and rural towns to provide technical support to cities to strengthen infrastructure planning, delivery capacity and to support spatial transformation and inclusive developments.
- Produce 8 quarterly financial reports to monitor financial and conditional grant performance for all provinces.
- Ensure that requests to draft financial recovery plans are efficiently responded to within 90 days of receipt.
- Provide the Standing Committee on Appropriations with 4 high level summary reports of quarterly expenditure for all departments.
- 80 technical advisors placed at National Treasury, provincial treasuries and municipalities to provide assistance to all three spheres of government to effectively perform their responsibilities regarding local government financial management compliance, support, monitoring and oversight through the Municipal Finance Improvement Programme (MFIP).

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

Annual Performance Plan Pages 59 - 64

TO PRUDENTLY MANAGE GOVERNMENT'S FINANCIAL ASSETS AND LIABILITIES

- Exercise oversight over state owned enterprises to enable the achievement of government's policy objectives, whilst ensuring financial and fiscal sustainability.
- Ensure timely and accurate payment of government debt obligations to avoid any credit defaults.
- Finance government's gross borrowing requirement over the MTEF and minimise risk emanating from government's fiscal obligations by measuring performance and ensuring compliance with market and refinancing risk benchmarks.
- Ensure sound management of government's cash resources by meeting government's liquidity requirements at all times.
- Produce 4 reports on the management of government's contingent liabilities.

PROGRAMME 5: FINANCIAL SYSTEMS AND SUPPLY CHAIN MANAGEMENT SYSTEMS

Annual Performance Plan Pages 68 - 76

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:
 - 100% of norms and standards developed.
 - Producing 32 governance reports to provide an update to oversight structures of government on the improvement of financial management governance and compliance across all spheres and entities in government.
 - Producing 22 Public Finance Management Capacity Development Programmes progress reports across all spheres of government in order to improve financial management execution.
 - Ensuring 98% availability of transversal systems to users in line with SLA agreements.
 - Producing 20 statutory reports to improve financial management statutory compliance across all spheres and entities in government.
 - Issuing frameworks, guidelines, circulars, treasury instructions and other tools to enable proper implementation of the legislation.

PROGRAMME 5: FINANCIAL SYSTEMS AND SUPPLY CHAIN MANAGEMENT SYSTEMS

Annual Performance Plan Pages 68 - 76

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

- Implementation of the IFMS II Plan:
 - IFMS system developed.
 - e-Recruitment module implemented at Pilot Sites and Lead Sites.
- Producing 4 quarterly compliance reports.
- Develop and approve SCM policy directives in preferential procurement for Institutions to spend by sex/gender, age and disability.
- Produce 4 progress reports on SCM institutional support programmes conducted.
- Implementation of 16 transversal term contracts.
- 100% implementation of the strategic sourcing opportunities plan.
- Submission of Public Procurement Bill for tabling in Parliament.

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

Annual Performance Plan Pages 80 - 85

ADVOCATE FOR SOUTH AFRICA'S FINANCIAL, ECONOMIC AND DEVELOPMENTAL INTERESTS IN FORUMS REGIONALLY AND GLOBALLY

- Ensure 100% response to all economic surveillance reports.
- Host 1 advocacy forum to increase the uptake of development finance.
- Produce 2 country partnership framework progress reports that report on the relationship between the Government of South Africa and various Multilateral Development Banks that operate within the Republic of South Africa.
- Develop 1 engagement strategy and priority.
- Produce 1 analysis report on the outcomes of South Africa's engagements in regional and global forums.
- Develop policy positions to measure South Africa's engagement in various global forums and institutions.

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

Annual Performance Plan Pages 90 - 93

PROVIDE FOR GOVERNMENT'S 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

- Provide an improved and integrated customer service experience by:
 - Paying 99% of benefits validated within liable dates through improved turnaround times.

- Ensure good governance and robust control environment for fund administration by:
 - Ensuring 98% integrity of client data through improving accuracy and reliability of information.
 - Ensuring 95% reduction of fraudulent claims through improvement of internal controls.

HUMAN CAPITAL

Number of posts estimated for 31 March 2022		Number and cost ² of personnel posts filled/planned for on funded establishment															Average growth rate (%)	Average: Salary level/ Total (%)	
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						2021/22 - 2024/25					
		2020/21			2021/22			2022/23		2023/24		2024/25							
		Number	Unit Cost	Unit cost	Number	Unit Cost	Unit cost	Number	Unit Cost	Unit cost	Number	Unit Cost	Unit cost	Number	Unit Cost	Unit cost			
National Treasury	1 206	131	1 030	778.6	0.8	1 045	826.5	0.8	1 090	888.4	0.8	1 075	890.0	0.8	1 041	902.0	0.9	-0.1%	100.0%
Salary level																			
1 – 6	140	84	130	31.8	0.2	132	34.9	0.3	131	35.1	0.3	128	32.5	0.3	126	33.4	0.3	-1.5%	12.2%
7 – 10	431	39	376	199.0	0.5	370	206.6	0.6	390	224.6	0.6	380	217.0	0.6	369	220.2	0.6	-0.1%	35.5%
11 – 12	333	1	271	237.2	0.9	259	236.1	0.9	279	266.3	1.0	279	274.7	1.0	266	275.9	1.0	0.9%	25.5%
13 – 16	300	7	251	306.3	1.2	282	344.5	1.2	288	357.8	1.2	286	361.1	1.3	278	367.8	1.3	-0.5%	26.7%
Other	2	–	2	4.4	2.2	2	4.4	2.2	2	4.5	2.3	2	4.6	2.3	2	4.8	2.4	–	0.2%
Programme	1 206	131	1 030	778.6	0.8	1 045	826.5	0.8	1 090	888.4	0.8	1 075	890.0	0.8	1 041	902.0	0.9	-0.1%	100.0%
Programme 1	379	72	323	188.3	0.6	336	208.4	0.6	328	216.8	0.7	316	217.1	0.7	306	220.4	0.7	-3.1%	30.3%
Programme 2	108	6	83	71.7	0.9	90	80.8	0.9	98	89.8	0.9	97	90.0	0.9	90	87.3	1.0	0.1%	8.8%
Programme 3	278	7	237	212.6	0.9	234	220.2	0.9	254	240.5	0.9	254	240.7	0.9	244	243.3	1.0	1.4%	23.2%
Programme 4	115	9	102	80.0	0.8	99	82.5	0.8	102	86.7	0.8	103	87.1	0.8	102	90.3	0.9	0.9%	9.6%
Programme 5	292	36	255	196.9	0.8	260	206.5	0.8	281	224.8	0.8	279	225.0	0.8	274	230.0	0.8	1.8%	25.7%
Programme 6	34	1	30	29.1	1.0	26	28.1	1.1	27	29.8	1.1	26	30.1	1.2	25	30.7	1.2	-1.3%	2.4%

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

2. Rand million.

FINANCIAL RESOURCE PLAN 2021/22-2024/25

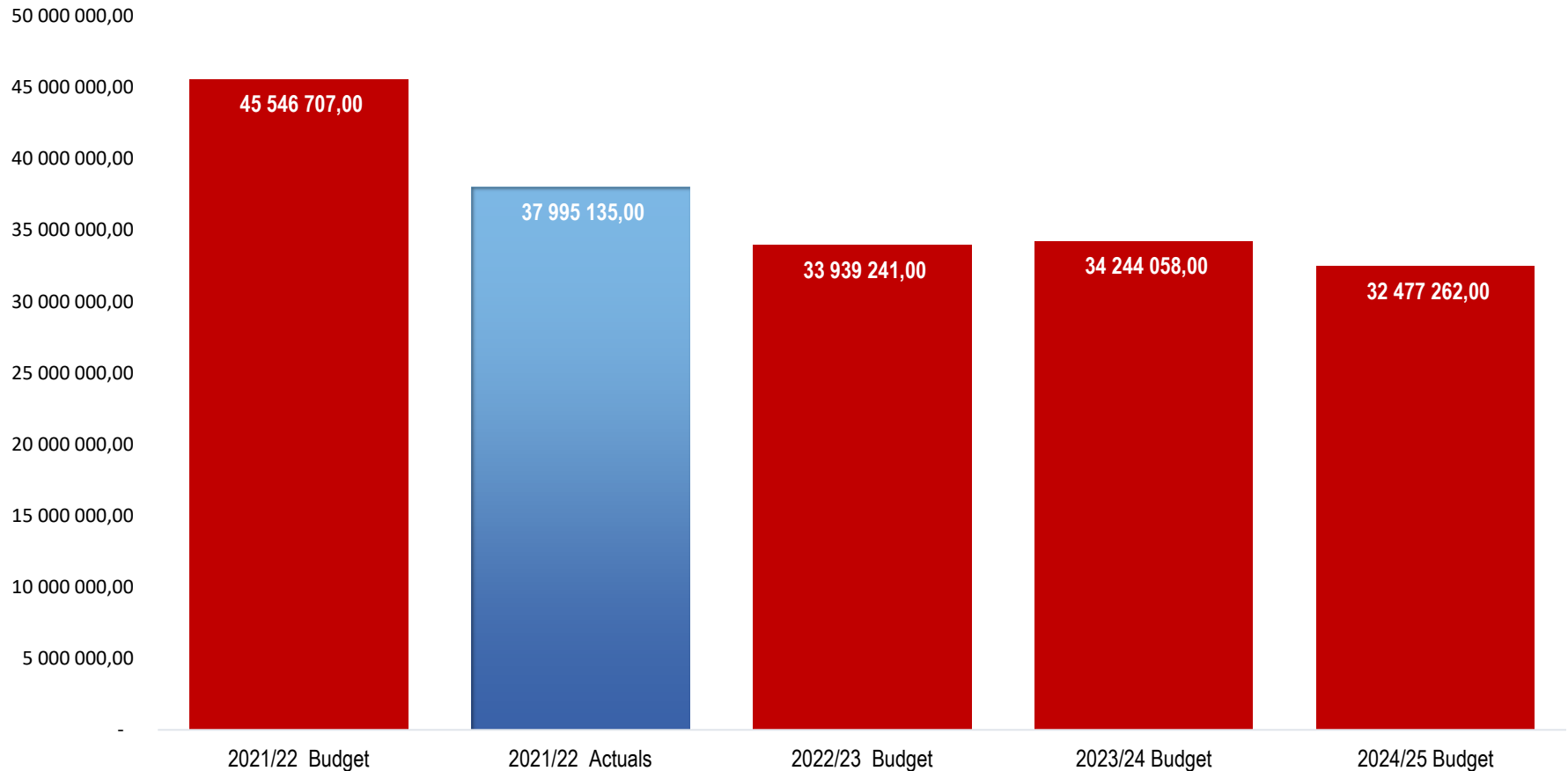
PROGRAMMES	Adjusted Appropriation	Actuals as at 17 March 2022	2022 ENE Baseline Allocation		
	2021/22	2021/22	2022/23	2023/24	2024/25
	R'000	R'000	R'000	R'000	R'000
Administration	541 351	395 697	521 619	544 027	563 451
Economic Policy, Tax, Financial Regulation and Research	153 802	121 431	158 212	160 383	160 363
Public Finance and Budget Management	4 337 505	3 997 394	4 438 181	4 354 702	3 443 092
Asset and Liability Management	9 017 938	3 996 831	1 125 967	1 120 003	128 008
Financial Accounting and Supply Chain Management Systems	1 046 026	726 141	1 122 132	1 375 894	1 171 998
International Financial Relations	7 745 872	7 542 286	2 637 816	2 590 319	2 875 091
Civil and Military Pensions, Contributions to Funds and Other Benefits	6 409 525	5 244 066	7 012 051	7 038 992	7 355 109
Revenue Administration	11 295 167	11 295 167	11 527 781	11 657 596	11 136 222
Financial Intelligence and State Security	4 999 521	4 676 122	5 395 482	5 402 142	5 643 928
Total	R45 546 707	R37 995 135	R33 939 241	R34 244 058	R32 477 262

The 2021/22 expenditure will be higher than the projected expenditure over the medium term due to the R3.9 billion payment made to South African Special Risk Insurance Association (SASRIA) and the anticipated payment of R4.5 billion to be made to the Government Employee Pension Fund (GEPF) in March 2022, for the SMS liability and Early Retirement liability.

The 2022/23 and 2023/24 financial years are slightly higher, mainly on Programme 3 due to the allocation of R800 million and R855.6 million respectively on the Neighbourhood Development Partnership Grant (NDPG) for the Presidential Youth Employment Intervention.

FINANCIAL RESOURCE PLAN 2021/22-2024/25

2021/22 Actuals vs Medium Term Allocation



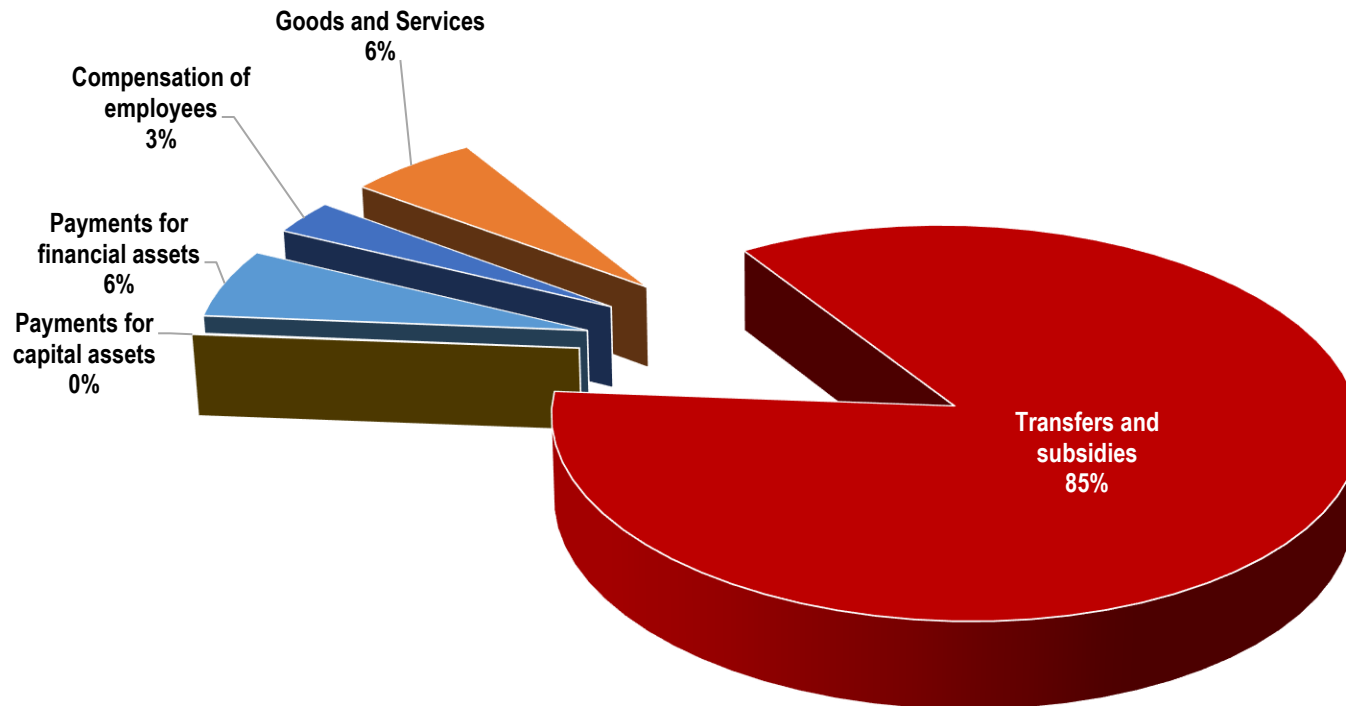
CLASSIFICATION OF FINANCIAL RESOURCE PLAN 2022/23

Budget Summary	2022/23											2023/24	2024/25	
	PROGRAMMES	Total	Compensation of employees	% Allocation	Goods and Services	% Allocation	Transfers and subsidies	% Allocation	Payments for capital assets	% Allocation	Payments for financial assets	% Allocation	Total	Total
		R'000	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	R'000
Administration	521 619	216 817	42%	281 787	54%	4 403	1%	18 612	4%	–	0%	544 027	563 451	
Economic Policy, Tax, Financial Regulation and Research	158 212	89 759	57%	46 363	29%	20 831	13%	1 259	1%	–	0%	160 383	160 363	
Public Finance and Budget Management	4 438 181	240 476	5%	637 004	14%	3 557 494	80%	3 207	0%	–	0%	4 354 702	3 443 092	
Asset and Liability Management	1 125 967	86 691	8%	38 448	3%	–	0%	828	0%	1 000 000	89%	1 120 003	128 008	
Financial Accounting and Supply Chain Management Systems	1 122 132	224 847	20%	771 595	69%	112 005	10%	13 685	1%	–	0%	1 375 894	1 171 998	
International Financial Relations	2 637 816	29 791	1%	32 889	1%	1 632 402	62%	562	0%	942 172	36%	2 590 319	2 875 091	
Civil and Military Pensions, Contributions to Funds and Other Benefits	7 012 051	–	0%	79 769	1%	6 932 282	99%	–	0%	–	0%	7 038 992	7 355 109	
Revenue Administration	11 527 781	–	0%	–	0%	11 527 781	100%	–	0%	–	0%	11 657 596	11 136 222	
Financial Intelligence and State Security	5 395 482	–	0%	–	0%	5 395 482	100%	–	0%	–	0%	5 402 142	5 643 928	
Total expenditure estimates	33 939 241	888 381	3%	1 887 855	6%	29 182 680	86%	38 153	0,1%	1 942 172	6%	34 244 058	32 477 262	

The allocated budget for the 2022/23 financial year totals to R33.9 billion. Of this allocation, 86% is appropriated to transfer and subsidies mainly towards (i) the Public Entities reporting under the Minister of Finance, (ii) the conditional grants to municipalities; (iii) the social households for Civil and Military pensions.

CLASSIFICATION OF FINANCIAL RESOURCE PLAN 2022/23

Economic Classifications



NATIONAL TREASURY

ANNUAL PERFORMANCE PLAN 2022-23

STANDING COMMITTEE ON FINANCE

PRESENTED BY:

THE DIRECTOR-
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AND

CD: SPM&E, THE ODG

23 March 2022



national treasury

Department:
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REPUBLIC OF SOUTH AFRICA



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