

NATIONAL TREASURY STRATEGIC PLAN 2020-2025 AND ANNUAL PERFORMANCE PLAN 2020/21

STANDING COMMITTEE ON FINANCE
5 May 2020



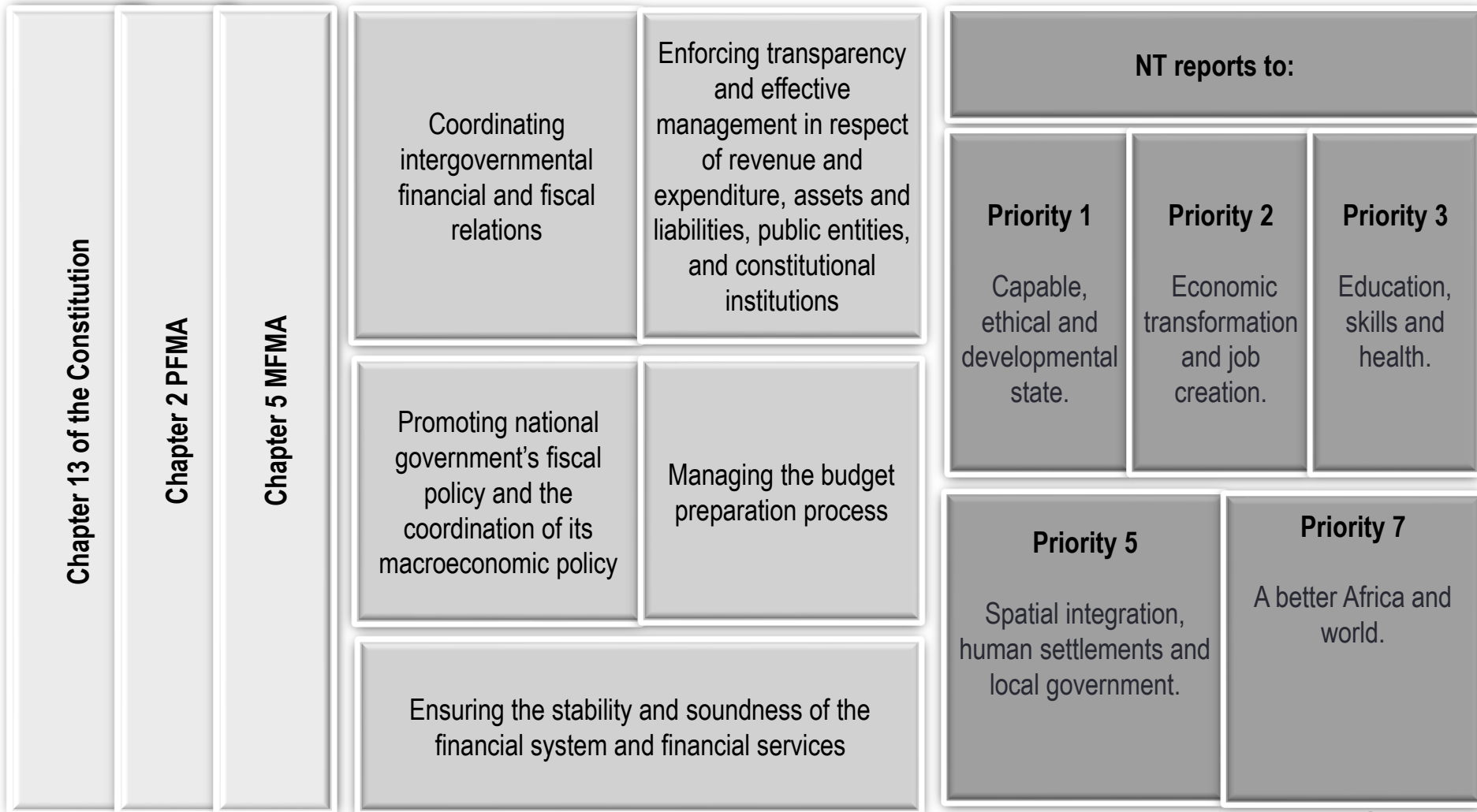
national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



NATIONAL TREASURY (NT) MANDATE

MTSF PRIORITIES



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,

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

Programme 8: Revenue Administration

Programme 9: Financial Intelligence and State Security

NT PLANNING ECOSYSTEM

MTSF (Priority 1,2,3,5,7)



Strategic Plan (SP)



Annual Performance Plan (APP)



Divisional Operational Plan (DOP)



Chief Directorate Operational Plan (CDOP)

STRATEGIC OUTCOMES AND INDICATORS 2020 – 2025

Strategic Plan Pages 27-29

OUTCOME	OUTCOME INDICATOR	BASELINE	FIVE YEAR TARGET
SUSTAINABLE PUBLIC FINANCES	R50 billion Infrastructure Fund established and operationalised	New indicator	Infrastructure Fund constituted by 2021 Operational budget allocated 2022-2024
	International financial institutions support mobilised	New indicator	US\$10 billion financing from Multilateral Development Banks taken up
	<i>Programme 2: Economic Policy</i> Funding of governments gross borrowing requirements met	Annual government's gross borrowing requirements met	Government's gross borrowing requirements met annually for period 2020-2024
	<i>Programme 2: Tax, Financial Regulation And Research</i> Enabling Intergovernmental Fiscal Framework that promotes financial sustainability	2018 baseline	Provincial equitable share reviewed Local government capacity grant system redesigned Performance incentives in infrastructure grants strengthened
	<i>Programme 3: Public Finance And Budget Management</i> Effective Provincial and Municipal Budget Systems	126 municipalities with unfunded budgets R21.2 billion accruals in provinces	Zero municipalities with unfunded budgets Accruals equal 8.33% of annual budget or the equivalent of 30 days payments in provinces
	<i>Programme 4: Asset And Liability Management</i> Township economies investment and support strategy compiled and implemented	New indicator	Five townships in five metros with Township Economic Development Strategies that are resourced and integrated in the strategic plans and budgets of the metros and other spheres of government including SOEs and that have successfully leveraged private sector investment.
	<i>Programme 6: International Financial Relations</i> Reduction of illicit financial flows	New indicator	National policy approach to combat, track, stop illicit financial flows and recovering and repatriating assets developed by 2024

STRATEGIC OUTCOMES AND INDICATORS 2020 – 2025

Strategic Plan Pages 27-29

OUTCOME	OUTCOME INDICATOR	BASELINE	FIVE YEAR TARGET
COHERENT ECONOMIC POLICY ADVOCATED	Macroeconomic policy reviewed to support growth	Fiscal consolidation, inflation targeting 3-6%	Macroeconomic policy framework reviewed by 2022
	Financial sector code reviewed	Financial sector code	Financial sector code reviewed by end of 2020 and implemented by 2024
	<i>Programme 2: Economic Policy</i> Policy directives in preferential procurement for Institutions to spend by sex/gender, age and disability developed	New indicator	Supply Chain Management directives to implement the Procurement Act issued
	<i>Programme 2: Tax, Financial Regulation And Research</i> <i>Programme 3: Public Finance And Budget Management</i> <i>Programme 5: Financial Accounting And Supply Chain Management Systems</i> Promoting implementation of investment strategies in Provinces and Municipalities and sound intergovernmental spatial budgeting that contributes to economic growth	2018 baseline	15 Investment Plans developed and implemented in Provinces/Municipalities 8 metros developing and implementing Reform Action Plans for the three SNDB indicators: Getting Electricity, Registering Property and Construction Permitting

STRATEGIC OUTCOMES AND INDICATORS 2020 – 2025

Strategic Plan Pages 27-29

OUTCOME	OUTCOME INDICATOR	BASELINE	FIVE YEAR TARGET
SOUND FINANCIAL CONTROLS AND MANAGEMENT OF PUBLIC FINANCES <i>Programme 4: Asset And Liability Management</i> <i>Programme 5: Financial Accounting And Supply Chain Management Systems</i>	Percentage elimination of wasteful and fruitless expenditure in public sector institutions	2018 Baseline	100% elimination of wasteful and fruitless expenditure in the public sector institutions incrementally from baseline of 2019 by 2024
	Percentage reduction of irregular expenditure in public sector institutions	2018 Baseline	75% reduction of irregular expenditure in public sector institutions incrementally from baseline of 2019 by 2024
	Percentage reduction of qualified audits in the public sector	2018 Baseline	75% reduction of qualified audits in the public sector incrementally from baseline of 2019 by 2024
	Number of identified “high risk” State Owned Entities (SoEs) governance system reviewed and recommendations implemented	Previous interventions by the NT, DPE and Presidency	Five “high risk” State Owned Entities governance system reviewed by 2021 and recommendations implemented by 2023
	Implement the Integrated Financial Management System (IFMS) in the public sector	Progress made on IFMS up to 2019	Integrated Financial Management System (IFMS) in the Departments and Provinces rolled out by 2024
	Strengthen Municipal financial systems	New indicator	Municipal financial systems strengthened by 2023
	Programme to strengthen the Supply Chain Management and Procurement System in the public sector developed	2018 Baseline	Supply Chain Management Support Programme implemented in departments, entities and municipalities by 2023
	Programme to strengthen Asset Management in the Public Sector developed	2018 Baseline	Support Programme rolled out in Departments and Provinces by 2023

DEVELOPMENT OF NEW POLICIES OR REVIEWING OF EXISTING INSTRUMENTS

Strategic Plan Pages 12

INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD:

- Reviewing tax policy and strengthening financial sector regulation
- Managing future spending growth and fiscal risk
- Managing government's assets and liabilities
- Making government procurement more efficient
- Strengthening government financial management
- Facilitating regional and international cooperation
- Supporting sustainable employment
- Supporting infrastructure development and economically integrated cities and communities

NATIONAL TREASURY ANNUAL PERFORMANCE PLAN

2020/21



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



DEVELOPMENT OF NEW POLICIES OR REVIEWING OF EXISTING INSTRUMENTS

Annual Performance Plan Pages 16

DRAFT LEGISLATION TO BE PROCESSED:

- Public Procurement Bill
- Financial Matters Laws Amendment Bill
- Financial Services Laws General Amendment Bill
- Municipal and Fiscal Powers and Functions Amendment Bill
- Conduct of Financial Institutions Bill
- Appropriation and Adjustments Appropriation Bills, 2019
- Division of Revenue and Divisions of Revenue Amendment Bills, 2019
- Rates and Monetary Amounts and Amendments of Revenue Laws Amendment Bill, 2019
- Tax Administration Laws Amendment Bill, 2019
- Taxation Laws Amendment Bill, 2019
- Revised Treasury regulations

NT'S APP 2020/21 FOCUS

Annual Performance Plan Pages 12-13

NT APP 2020/21 FOCUSES THE WORK OF THE DEPARTMENT IN:

- Coordination of the national budgeting process. This entails the overseeing of expenditure planning, leading the budget reform programme and the compilation of public finance statistics.
- 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 - national, provincial and local. A key aspect of this is to ensure 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 research into key 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, thereby giving effect to PFMA and MFMA.
- Managing government's financial systems.
- Overseeing and improving government's supply chain management systems and making government procurement more 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

PROGRAMME 1: ADMINISTRATION

Annual Performance Plan Pages 32-36

PROVIDE STRATEGIC LEADERSHIP, MANAGEMENT AND SUPPORT SERVICES TO THE DEPARTMENT.

- Monitor efficiency of ICT by measuring the delivery against the service level agreements with a quarterly target of 90%
- Ensure prudent financial management and compliance with prescripts and policies governing public finance towards an unqualified audit with no findings
- Ensure usefulness and reliability of the reported performance information in accordance with the performance management and reporting framework towards and unqualified audit with no findings
- Ensure good governance and sound control environment by continuous assessment of the risk management maturity.
- Advance organisational optimisation by measuring the expenditure on training and development against the budgeted amount in a financial year with a target of 70% of training and development budget spent

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

Annual Performance Plan Pages 41-44

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 with 50 economic policy papers published through the SA-TIED programme.
- Financial sector legislation will be drafted and submitted to Parliament for tabling
- Tax legislation to give effect to tax proposals from the Budget will be drafted and submitted for tabling.
- Develop economic forecasting models that provide reliable macro-economic projections that aid policy making.
- Complete a macroeconomic framework review

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

Annual Performance Plan Pages 50-58

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

- Publish budget legislation and documentation
- Publish Division of Revenue and Division of Revenue Amendment Bills
- 3 reforms introduced to enhance provincial and local government fiscal frameworks.
- 6 capital investment framework assessment reports produced
- 36 infrastructure plan assessment reports produced
- 20 catalytically projects approved in spatially targeted areas within metro, secondary cities and rural towns
- 8 quarterly financial reports published
- 4 quarterly expenditure reports submitted to the Standing Committee on Appropriations
- 70 technical advisors will be placed through the MFIP programme
- Ensure that requests to draft financial recovery plans are responded to efficiently.
- 150 000 new jobs 80 000 placements and 250 000 training opportunities contracted cumulatively across the term of project

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

Annual Performance Plan Pages 64 - 69

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 by reviewing:
 - reviewing all completed corporate plans and annual reports received from Schedule 2B and 3B public entities.
 - Section 51(g), 52, 54,55 and 92 applications received from Schedule 2 and 3B public entities
 - Borrowing limit applications relating to Schedule 2 and 3b public entities
 - Completed guarantee applications received from Schedule 2 and 3B public entities
 - Completed remuneration review requests for executive and non-executive directors for schedule 2 and 3 b public entities
 - Completed board appointments recommendations for Schedule 2 and 3B public entities reporting to MoF
 - MFMA tariff adjustments received from Schedule 2 and 3b public entities
- 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 and all interest and redemptions met
- Produce reports on the management of government's contingent liabilities

PROGRAMME 5: FINANCIAL SYSTEMS AND SUPPLY CHAIN MANAGEMENT SYSTEMS

Annual Performance Plan Pages 73-77

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.

- Development of norms and standards with an annual target of 9
- 95 governance reports produced
- 28 public finance management capacity development programme progress reports produced
- 98% availability of transversal systems
- 18 statutory reports produced
- 4 quarterly compliance reports produced
- IFMS II plan implemented
- Implementation of the support plan for identified or prioritised institutions in order to improve SCM performance
- 28 transversal term contracts implemented
- Implementation of all strategic sourcing opportunities plan

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

Annual Performance Plan Pages 83 - 86

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

- All economic surveillance reports responded to
- An advocacy forum hosted to increase the uptake of development finance.
- 3 country partnership framework progress reports produced that report on the relationship between the Government of South Africa and various Multilateral Development Banks that operate within the Republic of South Africa.
- 2 engagement strategies and priorities between South Africa and the World Bank and the African Development Bank respectively developed.
- Produce an analysis report on the outcomes of South Africa's engagements in regional and global forums.
- Develop all required 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 92 - 94

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.

- 100% of benefits validated paid within liable date
- 90% fewer fraudulent claims than 2019/20
- 90% integrity of client data.

FINANCIAL RESOURCE PLAN 2019/20-2022/23

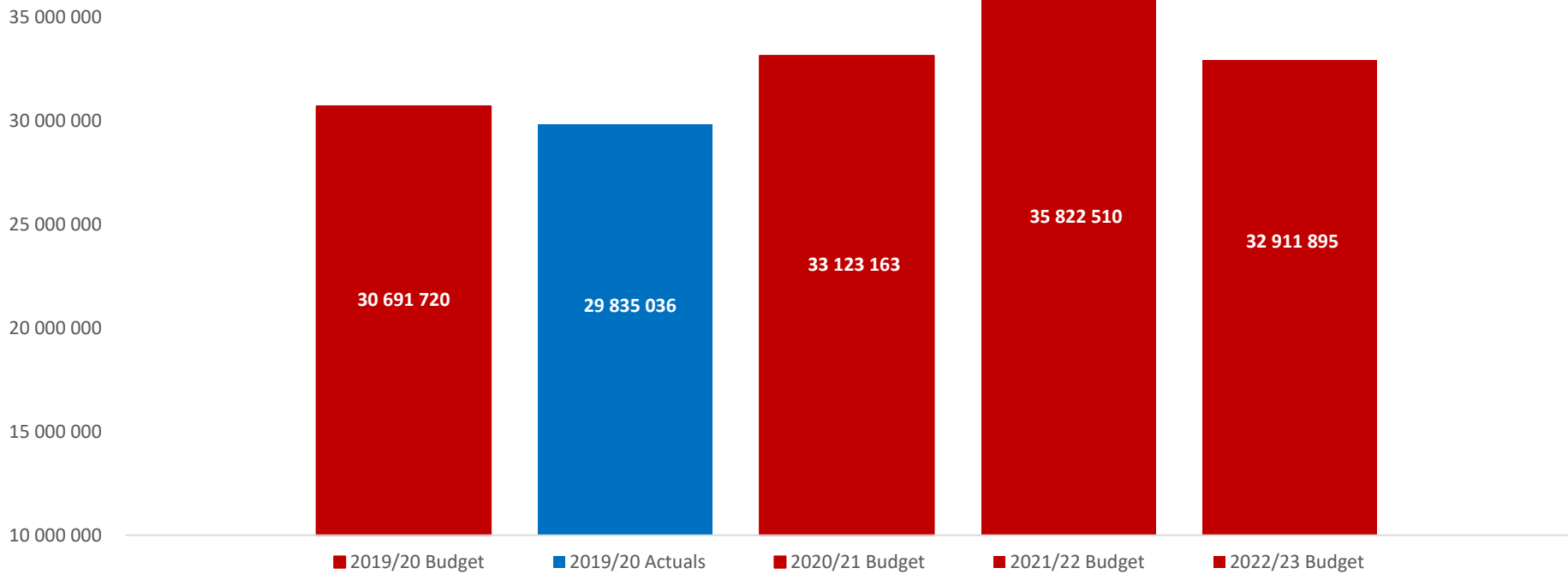
PROGRAMMES	Final Budget	Actual Outcomes	2020 ENE Baseline allocation		
	2019/20	2019/20	2020/21	2021/22	2022/23
	R'000	R'000	R'000	R'000	R'000
Administration	511 370	452 976	536 925	578 736	609 131
Economic Policy, Tax, Financial Regulation and Research	138 125	124 756	162 409	173 828	175 979
Public Finance and Budget Management*	2 982 390	2 939 853	3 394 365	3 917 962	4 002 706
Asset and Liability Management	102 929	96 694	124 179	130 912	133 290
Financial Accounting and Supply Chain Management Systems	1 004 188	796 545	1 033 835	1 097 638	1 158 982
International Financial Relations	5 948 131	5 458 492	6 398 588	6 780 042	2 386 388
Civil and Military Pensions, Contributions to Funds and Other Benefits	5 524 503	5 485 636	5 755 102	6 673 861	7 378 632
Revenue Administration	9 529 031	9 529 031	10 510 017	10 973 090	11 367 995
Financial Intelligence and State Security	4 951 053	4 951 053	5 207 743	5 496 441	5 698 792
Total Vote	30 691 720	29 835 036	33 123 163	35 822 510	32 911 895

*Programmes 3 & 8 merged with effect from 1/4/2020

Percentage year-on-year growth over the medium term			8%	8%	-8%
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FINANCIAL RESOURCE PLAN 2019/20-2022/23

2019/20 Actuals vs Medium Term Allocations R'000

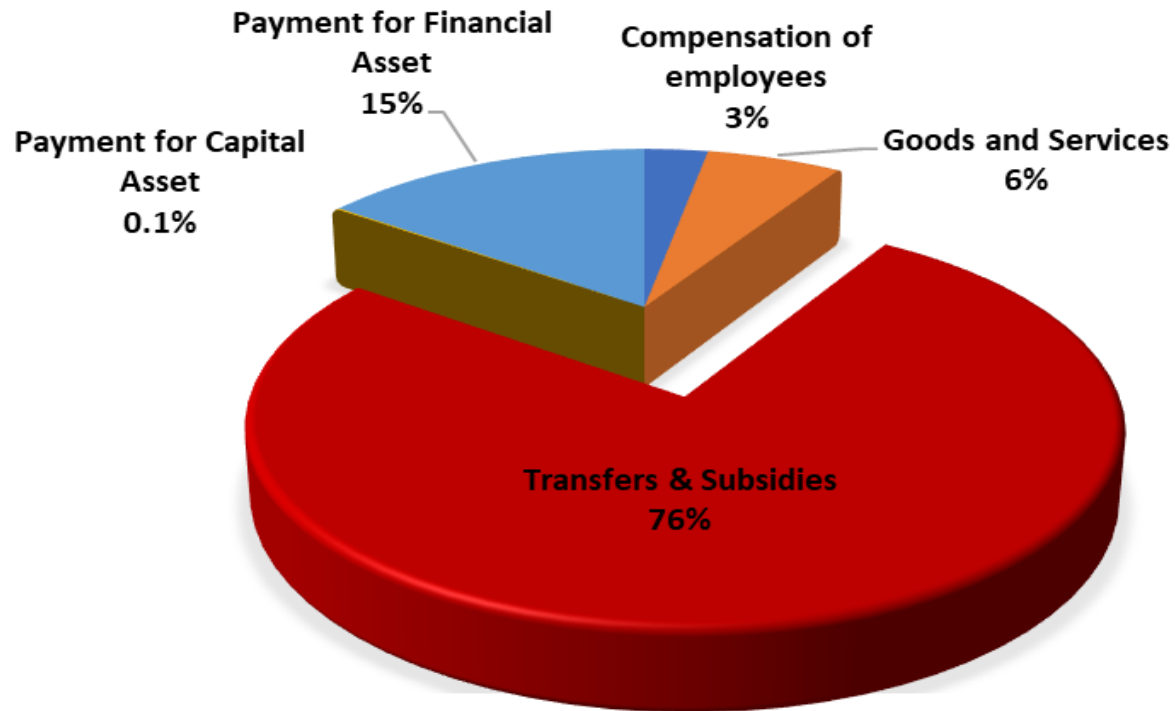


CLASSIFICATION OF FINANCIAL RESOURCE PLAN 2020/21

Programmes	Main Appropriation	Compensation of employees	% Allocation	Goods and Services	% Allocation	Transfers & Subsidies R'000	% Allocation	Payment for Capital Asset R'000	% Allocation	Payment for Financial Asset R'000	% Allocation
	R'000	R'000		R'000		R'000		R'000		R'000	
Administration	536 925	225 954	42.1%	287 730	53.6%	4 271	0.8%	18 970	3.5%	-	0.0%
Economic Policy, Tax, Financial Regulation and Research	162 409	91 680	56.5%	48 340	29.8%	21 461	13.2%	928	0.6%	-	0.0%
Public Finance and Budget Management*	3 394 365	250 822	7.4%	778 926	22.9%	2 361 976	69.6%	2 641	0.1%	-	0.0%
Asset and Liability Management	124 179	92 396	74.4%	30 999	25.0%	-	0.0%	784	0.6%	-	0.0%
Financial Accounting and Supply Chain Management Systems	1 033 835	235 620	22.8%	726 085	70.2%	61 330	5.9%	10 800	1.0%	-	0.0%
International Financial Relations	6 398 588	32 461	0.5%	36 445	0.6%	1 415 692	22.1%	296	0.0%	4 913 694	76.8%
Civil and Military Pensions, Contributions to Funds and Other Benefits	5 755 102	-	0.0%	76 711	1.3%	5 678 391	98.7%	-	0.0%	-	0.0%
Revenue Administration	10 510 017	-	0.0%	-	0.0%	10 510 017	100.0%	-	0.0%	-	0.0%
Financial Intelligence and State Security	5 207 743	-	0.0%	-	0.0%	5 207 743	100.0%	-	0.0%	-	0.0%
Total Vote	33 123 163	928 933	3%	1 985 236	6%	25 260 881	76%	34 419	0.1%	4 913 694	15%

CLASSIFICATION OF FINANCIAL RESOURCE PLAN 2020/21

ECONOMIC CLASSIFICATIONS



HUMAN CAPITAL

Number of posts estimated for 31 March 2020			Number and cost ² 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 (%)	
			2018/19			2019/20			2020/21			2021/22			2022/23					2019/20 - 2022/23
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
National Treasury																				
Salary level	1 030	104	1 048	790,3	0,8	1 041	847,1	0,8	1 074	928,9	0,9	1 076	989,3	0,9	1 059	1 032,3	1,0	0,6%	100,0%	
1 – 6	115	63	115	27,3	0,2	113	22,8	0,2	115	25,1	0,2	117	27,4	0,2	119	30,1	0,3	1,7%	10,9%	
7 – 10	374	31	390	198,3	0,5	391	232,7	0,6	404	256,6	0,6	405	275,0	0,7	400	289,4	0,7	0,8%	37,6%	
11 – 12	279	5	280	253,9	0,9	276	255,6	0,9	291	286,3	1,0	291	304,5	1,0	281	312,3	1,1	0,6%	26,8%	
13 – 16	260	5	261	310,9	1,2	259	331,5	1,3	262	356,2	1,4	261	377,4	1,4	257	395,2	1,5	-0,3%	24,4%	
Other	2	–	2	–	–	2	4,4	2,2	2	4,7	2,4	2	5,0	2,5	2	5,3	2,7	–	0,2%	
Programme	1 030	104	1 048	790,3	0,8	1 041	847,1	0,8	1 074	928,9	0,9	1 076	989,3	0,9	1 059	1 032,3	1,0	0,6%	100,0%	
Programme 1	325	72	329	190,8	0,6	322	203,8	0,6	333	226,0	0,7	340	246,1	0,7	347	267,4	0,8	2,5%	31,6%	
Programme 2	77	1	78	73,0	0,9	79	83,5	1,1	82	91,7	1,1	84	99,5	1,2	78	98,8	1,3	-0,4%	7,6%	
Programme 3	248	2	248	213,9	0,9	251	228,3	0,9	260	250,8	1,0	257	264,1	1,0	252	275,5	1,1	0,1%	24,0%	
Programme 4	90	1	94	73,8	0,8	96	84,5	0,9	98	92,4	0,9	97	97,3	1,0	92	98,0	1,1	-1,4%	9,0%	
Programme 5	259	28	266	206,9	0,8	264	217,5	0,8	270	235,6	0,9	268	249,0	0,9	262	259,9	1,0	-0,3%	25,0%	
Programme 6	31	–	33	31,9	1,0	29	29,4	1,0	31	32,5	1,0	30	33,4	1,1	28	32,8	1,2	-1,2%	2,8%	

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 2020-2025
AND
ANNUAL PERFORMANCE PLAN 2020/21

STANDING COMMITTEE ON FINANCE

5 May 2020



national treasury

Department:
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REPUBLIC OF SOUTH AFRICA

