

Impact of global factors on South Africa

National Treasury

Strategic Plan 2008/9 – 2010/11

Presentation to Portfolio and Select Committees on Finance
20 May 2008

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Global and domestic concerns

- **Three concerns in the global economic environment**
 - Financial market turmoil
 - Sub-prime crisis has threatened global financial stability
 - Increased risk aversion and reduced liquidity in financial markets
 - Sharp rise in global food prices
 - Increased demand from bio-fuels, more meat consumed and rising incomes generally
 - Lower supply due to drought, higher input costs, poor water quality in China
 - Oil prices and fuel cost increases
 - Oil prices have increased due to both supply and demand factors
 - Refining capacity is a problem globally and in South Africa

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Performance



Impact of global factors on South Africa

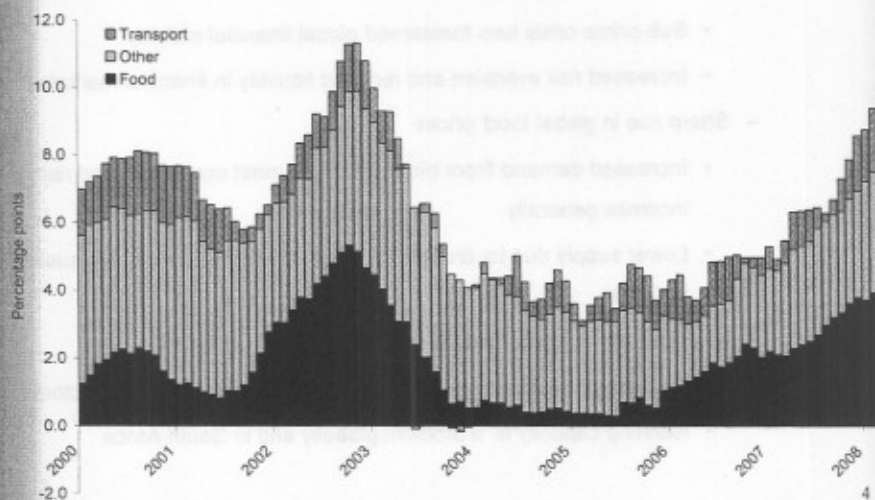
- Impact of financial crisis
 - Slowing global demand weighs on export growth, although China underpins commodity demand
 - Risk aversion impacts on financing of current account deficit
 - Reduced credit availability impacts on household balance sheets and ability to finance investment
 - Increased volatility in financial and exchange rate markets
- Impact of high food prices
 - Inflationary impact
 - Purchasing power of poor households eroded
 - Opportunities to increase output in agriculture → high prices underpin investment
- Impact of high oil and commodity prices
 - Oil prices put pressure on inflation and raise business costs
 - Rising petrol prices erode purchasing power of consumers
 - Oil imports large and rising due to increased use of OCGT plants for electricity generation
 - Electricity prices impacted by high oil and coal prices
 - Exports benefit from improved terms of trade → remove constraints to investment in mining

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Rising contribution from food and fuel prices

Contribution to CPIX inflation



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Economic growth to slow materially in developed countries

- World growth projected at 3.7% in 2008 from 4.9% in 2007
- Some signs that credit stress has eased since the collapse of Bear Stearns & emergency liquidity measures by the Fed
- Emerging consensus that US will experience a "mild recession" in 2008 with recovery in 2009
- EU continues to perform well despite tightening credit conditions & strong Euro
- Emerging markets more affected by high food prices and rising inflation than the credit crunch, but countries exposed to the US cycle still at risk

IMF Economic growth projections

	2007	2008f	2009f
World	4.9	3.7	3.8
United States	2.2	0.5	0.6
United Kingdom	3.1	1.6	1.6
Euro area	2.6	1.4	1.2
Japan	2.1	1.4	1.5
China	11.4	9.3	9.5
Sub-Saharan Africa	6.8	6.6	6.7

Source: IMF World Economic Outlook, April 2008

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Policy challenge: inflation targeting

- Inflation likely to exceed target until 4th quarter 2009
 - Higher inflation is a worldwide phenomenon; more severe in oil-importing countries
- Important to distinguish short-term adjustment in the price level from the long term inflation trend
- Economy has to adjust to higher fuel and electricity prices and higher food costs:
 - Monetary policy has to ensure these relative price adjustments do not lead to an accelerating inflation spiral
 - Fiscal policy has to support overall demand management and strengthening supply side of economy
- Wage adjustments this year will have to take into account higher cost of living; policy framework aims to achieve moderation of price & wage trend over medium term

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National Treasury: Aim and Strategic Objectives

Promote economic development, good governance, social progress and rising living standards through the accountable, economical, equitable and sustainable management of public finances

- Advance economic growth and income redistribution
- Prepare a sound and sustainable national Budget and equitable division of resources
- Strive to equitably and efficiently raise fiscal revenue, while enhancing efficiency and competitiveness of the SA economy
- Sound management of Government's financial assets and liabilities
- Promote transparency and enforce effective financial management

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Operational and Policy Responsibilities

- **Economic and Fiscal Policy**
 - Economic Policy
 - Tax, Finance and International Economics
- **Public Finance and Budget Management**
 - Budget Office
 - Public Finance
 - Intergovernmental Relations
- **Assets and Liability Management**
- **Financial Management Systems**
- **Financial Accounting and Reporting**

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Key focus areas for 2008/11 Programme 2

Budget Coordination

- Maintaining a sound fiscal stance to support growth and development in the context of global economic turbulence
- Budget process improvements focussed on effective service delivery and better value for money
 - Improving the quality of performance information published in the budget consistently until rendered auditable
- Enhancing financial management oversight over public entities
- Strengthen capital expenditure planning, evaluation methods and capacity

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Key focus areas for 2008/11 Programme 2 (continued)

Sectoral Priorities

- Investment in the built environment, road and rail transport infrastructure
- Information systems in the integrated justice sector reform programme
- Asset management in government buildings maintenance and accommodation
- Continued work towards development of a contributory social security system
- Education, health and skills development

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Key focus areas for 2008/11 Programme 2 (continued)

Intergovernmental Relations

- Foster further equity in the division of nationally raised revenues and intergovernmental transfers
- Promote transparency through timely publication of provincial and local government budget and expenditure reports.
- Continued efforts to increase coverage and accuracy of local government reports
- To strengthen financial management, governance, accountability and capacity in local government
- Rollout of Infrastructure Delivery Improvement Programme (IDIP) in key provincial departments involved in infrastructure
- Support the Siyenza Manje initiative to unlock service delivery and infrastructure at local government level

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Key focus areas for 2008/11 Programme 3

- Active management of debt with a view to reducing debt service cost, subject to acceptable risk levels
- Sound forecasting and prudent management of Government's cash flows
- Policy focus on managing external vulnerability
- Increasing the operational efficiency of SOE's through improved financial oversight
- Rollout of a treasury management back office system

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Key focus areas for 2008/11 Programme 4 & 5

- Coordination and implementation of the Integrated Financial Management Systems (IFMS) - Phase III
- Rollout of strategic sourcing principles
- Compliance with the standards of Generally Recognised Accounting Practice (GRAP) in preparation of timely and accurately consolidated financial statements
- Support all spheres of government and public entities, on compliance with applicable standards and prescripts
- Greater emphasis on governance in departmental operations through strengthened risk management and internal audit functions

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Key focus areas for 2008/11 Programme 6

- Reforming the system of retirement funding
- Enhancing accessibility to financial services
- Replacing STC with dividends tax, and finalisation of Mining Royalty Bill and Diamond Export Levy Bill
- Africa's economic development and regional integration in SADC
- Strengthened economic policy and forecasting, covering microeconomic analysis, G20 policy themes, and continuing research on growth
- Further development of research capacity to address key economic focal areas such as growth, employment, banking and taxation

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Fiscal Transfers

- Provincial and Local Transfers (Programme 7)
- Post retirement medical benefits, Civil and Military Pensions (Programme 8)
- International Financial Transfers
- South African Revenue Service
- Secret Services
- Development Bank of South Africa (Siyenza Manje)
- Financial Intelligence Centre

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Public entities and other financial responsibilities

- South African Revenue Service
- Government Employment Pension Fund and Pensions Administration
- Public Investment Corporation
- Development Bank of Southern Africa
- Financial Services Board
- Monetary policy coordination with South African Reserve Bank

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Key focus areas for 2008 – 2009 Programme 1

- Bi-Annual review and update of Corporate Services policies, procedures and standards.
- Implementation of an integrated Client Relationship Management Strategy.
- Acquire adequate, safe and secure facilities for the National Treasury
- Enhance and expand the Knowledge Management Culture within the National Treasury.

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Summary of Expenditure

Operational Budget

	Budget	Preliminary Outcome	Budget
	2007/08	2007/08	2008/09
	R'000	R'000	R'000
1. Administration*	202 361	177 601	181 632
2. Public Finance and Budget Management	223 690	211 996	195 881
3. Asset & Liability Management	75 953	57 827	61 359
4. Financial Management and Systems	340 120	267 936	557 624
5. Financial Accounting and Reporting	102 146	98 760	88 917
6. Economic Policy and International Financial Relations	109 108	93 195	82 548
TOTAL	1 053 378	907 315	1 167 961
* Administration as % of total	19.21%	19.57%	15.55%

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Summary of Expenditure

Transfers

	Budget 2007/08 R'000	Preliminary Outcome 2007/08 R'000	Budget 2008/09 R'000
Operational Budget	1 053 378	907 315	1 167 961
7. Provincial and local government transfers	7 384 275	6 992 736	7 956 707
8. Civil and military pensions, contributions to funds and other benefits	2 238 308	2 176 825	2 352 688
9. Fiscal Transfers	9 072 406	8 889 290	9 840 836
TOTAL BUDGET	19 748 367	18 966 166	21 318 192

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Personnel plan

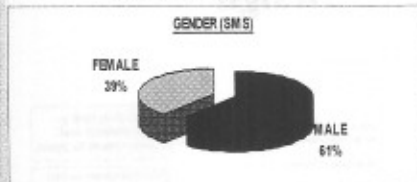
- 31 March 2007 to 31 March 2008:
 - 179 vacant positions filled
 - 132 people left the National Treasury
- Net effect: total vacancies decreased from 133 to 99 between 31 March 2007 and 31 March 2008
- Reasons for reduction:
 - All posts that were vacant and not funded were frozen.
 - Assigned dedicated resources (Front Office – HR Consultants) to the project.
 - Regular monitoring and tracking of progress.
 - Improved relationship with clients.

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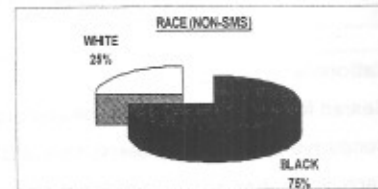
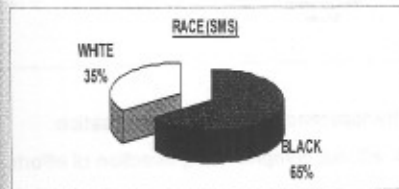


Staff Profile as at 31 March 2008

Management



Employees below Management



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Present Organisational Structure



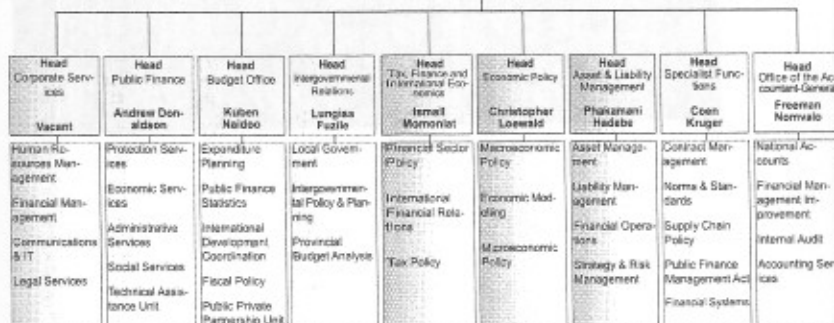
Minister of Finance
Trevor Manuel

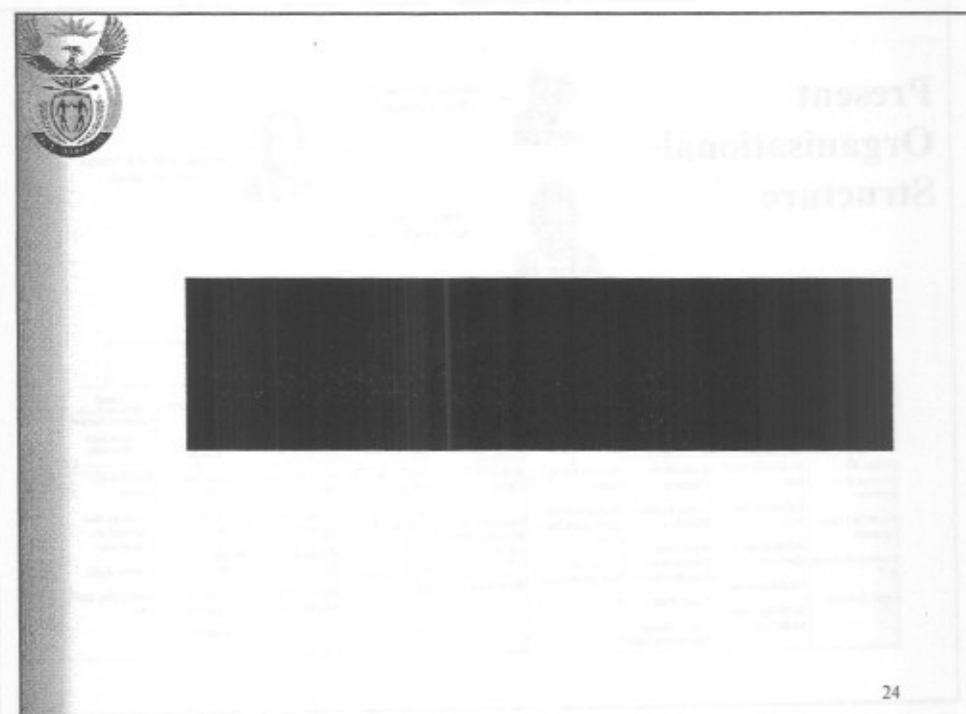
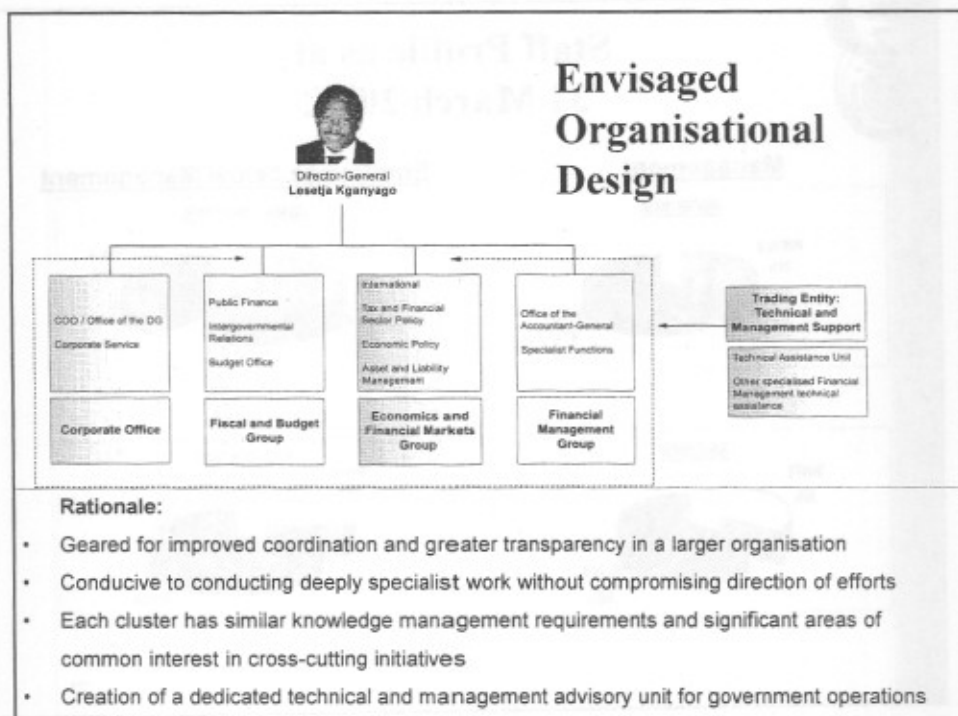


Deputy Minister of Finance
Jabu Moleketi



Director-General
Lesetja Kganyago





Programme 1: Administration



Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Minister and Deputy Minister of Finance	Providing continued parliamentary service to the Ministry and its departments	Satisfaction of the Minister, Deputy Minister and the Director-General regarding quality of parliamentary services provided	100% satisfaction – assessment system in place
Management	The National Treasury's strategic direction aligned to the country's development policy needs	Strategic plans developed by the National Treasury and approved by Parliament	Alignment of all targets set out in the National Treasury's strategic plans
Corporate Services (CS)	Polite, proactive and standards in place and understood, regularly reviewed and innovated	Good governance practices annually reviewed, audited and communicated	Good governance measures implemented annually
	Develop and implement an integrated Client Relationship Management Strategy	Client satisfaction rating above 67% attained	Client satisfaction rating of 70% attained
	NT has adequate, safe and secure working facilities	Quarterly review and acquisition of additional accommodation, where applicable, of NT's requirements	Quarterly review and acquisition of additional accommodation, where applicable, of NT's requirements
	Contribute to the establishment of a knowledge management culture and management systems and system in National Treasury	Quarterly assessment of knowledge management systems and infrastructure	Quarterly assessment of knowledge management systems and infrastructure

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Programme 2: Economic Planning and Budget Management



Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Public Finance	Sector and departmental policy advice	Timely and relevant analysis and advice	Assessment of policy options for medium term and 2009 Budget
	Expenditure analysis	Monthly and quarterly monitoring of expenditure, analysis of expenditure trends	Introduction of improved year-end expenditure monitoring system
	Medium-term expenditure recommendations	Inputs to the Medium Term Expenditure Committee on departmental budget submissions	Improved prior consultation with departments, planning in of measurable objectives and indicators in departmental budget submissions
Budget Office	Annual budget framework and division of revenue	Integrity of national budget framework	MTFRS – October 2008 framework for 2009 Budget
	Budget Review, Estimates of National Expenditure, Appropriation legislation and public finance statistics	Quality of budget documentation	Timely publication, accuracy, scope and quality of content, improved quality and quantity of measurable objectives by departments and public entities in Estimates of National Expenditure
	Expenditure planning and budget process management	Department and agency spending plans and submissions to Ministers Committee on the Budget	Improved performance information as part of expenditure planning and project evaluation
	Capital expenditure planning and evaluation	Departmental and agency capital spending and infrastructure plans	Assessment of capital projects through capital budgets committees
	ODA resources aligned to and provided for government policies and priorities	Quality engagement in global ODA details and policy formation	Establishing ODA coordinating mechanisms aligned to budget process in at least one cluster
	Contribution to global ODA details and policy formation	Quality engagement in global ODA details and policy formation	Establishing ODA coordinating mechanisms aligned to budget process in at least one cluster

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Programme 2: Economic Planning and Budget Management (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Intra-governmental Relations	Provincial budget framework	Integrity of the framework: fiscal sustainability, structure and trends in fiscal indicators	Provincial budget framework finalised by September of budget planning year
	Preparation of the Division of Revenue Bill and accompanying explanatory memorandum; implementation of the act	Timely publication and quality of the Division of Revenue Bill and explanatory memorandum (Annexure W1)	Available for tabling on Budget Day, with no errors
	Support provincial and municipal government with: <ul style="list-style-type: none"> • Financial management reforms • Infrastructure planning • Service delivery 	Number of provincial departments and municipalities in which financial management programmes and reforms are being implemented in terms of the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA) (2003)	Implementation programme extended to 126 low-capacity municipalities
	Training in budget formulation and budget analysis courses	Number of officials trained	300 officials on the budget formulation course 200 officials on budget analysis course
	Develop budget format regulations, including funding compliance methodology in line with Sections 17 and 18 of the MFMA	User-friendly budget formats Number of municipalities	Complete regulations and guidelines by end of June 2008

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Programme 2: Economic Planning and Budget Management (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
	Provincial and local government Budget and Expenditure Reviews	Quality and scope of reviews	Publish updated provincial data in May Publish Local Government Budget and Expenditure Review by end of May
	Publication of provincial and local government expenditure reports in terms of the PFMA (section 32) and MFMA (section 71)	Timely and accurate reports	Month following end of each quarter for provincial reports 45 days after the end of each quarter for municipal reports
		Coverage of municipal information	120 municipalities
Technical and Management Support	IDP	Provincial infrastructure plans complying with guidelines developed by National Treasury	Technical support given to three sectors (by department) in all nine provinces Infrastructure plans for targeted departments comply with Division of Revenue Act requirements
	Project management support	Number of projects	40 technical assistance projects Develop technical assistance cost-recovery framework
	Oversight of national government funding to institutions implementing 2010 FIFA World Cup projects	Compliance with financial management legislation, practices and procedures	Oversee, monitor and report on expenditure of national government funding to institutions implementing 2010 FIFA World Cup projects
	PPP agreements	Increased PPP oversight capacity Number of projects reaching financial close	Establish capacity for contract Management support and implementation Six projects

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Programme 3: Asset and Liability Management

Subprogramme	Output	Measure/Indicator	2008/09 Target Milestone
Asset Management	Review of development finance institutions	DFI review report completed	Submit to Cabinet by end-June 2008
	Promote appropriate treasury management policies and practices for SOEs	Adherence to guidelines	Full report on SOE adherence
	Promote appropriate treasury management policies and practices for major and municipal treasuries (metros)	Percentage of selected treasuries reviewed against best-practice guidelines	Develop appropriate treasury management guidelines
	Formulate SOE capital structure and dividend policies	Analysis to determine appropriate target capital structure for each SOE	30% modelled
	Prudent shareholder management		PFMA and King Code (2002) compliance and monitoring
PFMA amendments to reflect prudent shareholder management			Submissions to Cabinet
Continuous financial oversight over Schedule 2 and 3B entities			Review all corporate plans and financial statements; Participate in major interventions and restructuring
Liability Management	Finance government's gross borrowing requirement	Annual total government borrowing needs fully met	Gross issuance of R15.7 billion
	Sound domestic and foreign debt management policies	Enhanced liquidity	Concentrate issuance in benchmark bonds; Strip lending and repo facilities
		Active debt management	Buyback and exchange in foreign and domestic debt
	Reduce debt service cost	Debt service cost as percentage of GDP declines	2.2% of GDP

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Programme 3: Asset and Liability Management (Cont)

Subprogramme	Output	Measure/Indicator	2008/09 Target Milestone
	Contribute to the development of financial markets	Diversification of funding instruments	Funding government's borrowing requirement in fixed-income, inflation-linked and retail bonds, floating rate notes and treasury bills within risk guidelines
	Sound investor relations	Retain current investors and attract new ones	Foreign issuance attracts 20% new investors; Timely dissemination of reliable information
Financial Operations	Sound cash forecasts	Government's liquidity requirements met every time	Forecasting R1.8 trillion of cash flows
	Optimise return on investments subject to credit limits	Investment of surplus cash at market-related rates	Quarterly analysis and review of investment rates
		Intergovernmental cash coordinated	Continuous improvements to intergovernmental cash coordination
		Saving by national and provincial governments	Saving of up to 2% on borrowing costs compared to borrowing from commercial banks
	Annual financial statements and market reports	Timely and accurate reporting	Compliance with PFMA reporting requirements regarding annual Financial Statements; Timely dissemination of reliable market information
Treasury management systems	Reliable automated and integrated systems		Rollout of the new back-office system
			Preparation to implement back-office Modules; Foreign debt module implemented, February 2009
			Implementing and actively managing the revised systems integration strategy

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Programme 3: Asset and Liability Management (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Strategy and Risk Management	Minimise and mitigate risks emanating from government debt portfolio (market risk)	Performance against benchmarks: <ul style="list-style-type: none"> • Non-fixed vs. fixed debt • Foreign debt vs. domestic debt 	Review of strategic benchmarks of 70/30 fixed versus non-fixed rate domestic debt and 20-25% maximum foreign debt exposure as a percentage of total debt. Implement and monitor strategic benchmarks. Quarterly review of performance against benchmarks.
	Minimise and mitigate counterparty risks emanating from investment of surplus cash	Adherence to surplus cash benchmark investment ratios and total limits per counterparty	Annual review of investment ratios and limits per counterparty. Semi-annual reports on adherence to ratios and limits.
	Minimise and mitigate sovereign credit rating risks	Quantitative indicators of sovereign risk	Semi-annual sovereign credit rating reviews.
	Manage contingent liabilities appropriately	Capping total government debt plus contingent liabilities as a percentage of GDP	Review and monitor benchmark of net government debt and contingent liabilities not exceeding 50% of GDP.

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Programme 4: Financial Management and Systems

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Supply Chain Management Policy	Overall URS and updated SCM URS	Creating URS in an electronic format	April 2008
	Compile a policy for item identification	Implementation of item identification framework	May 2008 At least implementation sites
	Establish corporate reference data functionality	Establish URS repository	May 2008
	Introduction of strategic sourcing principles to all spheres of government	Roll out strategic sourcing principles to the public sector and assist institutions with implementation	30% of all national departments
	Align preferential procurement with the aim of the BBSEE Act and its related strategy	Extent of alignment	Issue SCM framework to align Preferential Procurement Policy Framework Act with BBSEE Act by Aug 2008
	Rollout of revised SCM framework	Successful implementation throughout government	August 2008 Issue at least four practice notes for implementing the revised SCM framework
Norms and Standards	SCM compliance monitoring on a Proactive basis	Extent of compliance to SCM regulations by organs of state	Reports to Cabinet and SCOPA on SCM compliance monitoring – August 2008
	Establishment of a grievance mechanism to deal with disputes and complaints	Effectiveness of grievance mechanism	Establishment of grievance mechanism by August 2008
	Apply strategic sourcing to enhance value for money applicable to all transversal term contracts	Number of contracts on which strategic sourcing is applied	Apply strategic sourcing strategies on 85% of all transversal term contracts
	Facilitate and manage national/transversal term contracts	Number of transversal term contracts facilitated per year	35 transversal term contracts

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Programme 4: Financial Management and Systems (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
PFMA Implementation and Coordination	Coordinate implementation of PFMA	Report to SCOPA and to Portfolio Committee on Finance on progress made with the improvement of financial management in terms of the capability maturity model ¹⁾	August 2008
		Report to Cabinet on the audit outcomes of national and provincial entities ²⁾	November 2008
	Financial management training initiatives	Number of training courses funded/subsidised and the number of individuals to be trained to assist with implementation of financial management reforms	300 courses (6 000 trainees)
	Facilitate the development and implementation of a learning framework for financial management	Success of learning framework	Development to be completed by March 2009
	Review of and amendments to the PFMA	Submission of Public Finance Management Bill to Parliament Revision of Treasury Regulations issued in terms of the PFMA	May 2008 December 2008
Financial Systems	Roll out the IFMS	Implement lead solutions	Procurement commercial, off-the-shelf (COTS). Implement at National Treasury and one further national department – lead site. HR COTS. Department of Public Service and Administration and Free State Department of Education – lead sites. Asset Management. National Treasury and one further national department – lead sites

¹⁾ This report will be compiled in collaboration with the Office of the Accountant-General.
²⁾ This Cabinet memorandum will be compiled in collaboration with the Office of the Accountant-General.

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Programme 4: Financial Management and Systems (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
		Develop payroll/financial management function	
	Create a user support capacity at SITA	Success of user support facility	Assessment of user support capacity at SITA
	Develop an approach for data migration	Successful data migration	Do data migration for lead sites
	Maintain and support current financial management systems	Percentage availability of systems within working hours	96% availability of systems during working hours
	Retire current systems	Data migration for lead sites	Data migration and archives

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Programme 5: Financial Accounting and Reporting

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Financial Reporting for National Accounts	Monthly statements of actual revenue and expenditure for the National Revenue Fund	Timely publishing of accurate reports	Last working day of each month
	Annual financial reporting framework in line with financial management improvement programme	Compliance to prescripts and addressing of transversal audit issues	By 31 March 2009 for 2009/10 AFS template and preparation guide issued by 31 March 2009 for 2009/10
	Specimen formats for AFS Conduct implementation sessions through workshops	Agreed formats for annual consolidation Number of participants in the workshop	30 April 2008 for 2007/08 30 participants
	Consolidated AFS for national government	Tabling of audited consolidated annual financial statements in Parliament	31 October 2008
	AFS for the RDP Fund	Audited and published annual financial statements for the RDP Fund	31 October 2008
	Support implementation of reporting frameworks and related topics	Departments – number of trainees Local government – number of trainees	300 officials for national and provincial departments 300 officials for local government
	Support implementation of new GRAP standards and the guidelines for public entities	Training workshops: number of participants	370 participants
	Support implementation of new GRAP standards, the guidelines for local government and the generic procedure manual	Training workshops: number of participants	550 participants

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Programme 5: Financial Accounting and Reporting (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Financial Management Improvement	Cash to accrual implementation plan	Alignment with the Accounting Standards Board work plan and the IFMS rollout	Comprehensive implementation plan drawn up to be ready for the IFMS by 31 March 2009
	Develop guidelines for all new GRAP standards and a generic procedure manual for municipalities	New GRAP standards guideline document for public entities Guideline document and a procedure manual for municipalities	30 June 2008 for public entities 30 September 2008 for municipalities
	Accounting policies and practices in support of framework for transition from cash to accrual basis of accounting	Accounting policies and practices in line with approved accounting standards and adhere to best practice	100% alignment to approved standards effective dates
	Develop internal audit guidelines on the frameworks and the standards	Guideline documents on the frameworks and the standards	31 March 2009 – online
	Develop risk management guidelines on the frameworks and the standards	Guideline documents on the frameworks and the standards	31 March 2009 – online
	Implementation of the revised internal audit framework for national, provincial departments and local government	Training workshops: number of participants	600 participants
	Implementation of the revised risk management framework for national, provincial departments and local government	Training workshops: number of participants	600 participants

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Programme 5: Financial Accounting and Reporting (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
	Enhance service delivery capability of internal auditors through training programmes and workshops	Training workshops on performance auditing: number of participants	600 participants
	Enhance service delivery capability of risk managers through training programmes and workshops	Risk management training: number of trainees	200 trainees
	Risk management system implementation	Number of new sites	50 sites
	Information sharing sessions/conferences •Risk management •Financial management •Internal audit	Number of delegates	500 delegates
	Conduct internal quality assessment reviews (IQRs) in municipalities	Number of municipalities	Report on IQRs for 20 municipalities having internal audit functions, submitted to relevant councils by 31 March 2009
	Facilitate IQRs in local government and qualifying departments	Number of departments and municipalities	15 departments 20 municipalities
	Develop intervention strategies to improve the risk management capability of clients based on the results of the survey conducted in 2007/08	Risk management intervention strategy document Rollout/implementation workshop	Strategy document finalised by September 2008 Workshops October 2008 to March 2009 for all departments
	Evaluate the impact of interventions	Risk management intervention strategy evaluation report	

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Programme 5: Financial Accounting and Reporting (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone	
	Participation on audit committees and risk management committees of national departments	Percentage participation on audit committees of national departments	100% participation on audit committees of national departments, and in education and health departments in provinces and the treasury-delegated municipalities	
	Develop and implement audit committee guidelines	Audit committee guideline document Workshops on guidelines: number of participants	30 June 2008 200 participants	
	Finalise and implement the capability maturity model	Capability maturity model implementation workshops through existing forums		30 June 2008
		Client capability maturity assessment report in terms of financial management, internal audit and risk management of clients		31 August 2008
	TOPP trainee progress evaluation Continued development programme for the Office of the Accountant-General and one for clients	Number of trainees Quarterly assessment reports		10 trainees Quarterly
		General continued professional development programme for clients		30 June 2008; fully implemented by 31 March 2009
	Identify weaknesses in systems of financial management and internal controls in pre-selected clients	Progress and/or final report on findings in each client engagement Recommendations on corrective measures		31 March 2009
	Participate in the development of local and international standards of accounting, auditing and risk management	Meetings attended Comment letters submitted		10 international meetings 10 comment letters
Support to East and Southern African Association of Accountants-General	Number of weeks dedicated to support		Three weeks	

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Programme 6: Economic Policy and International Financial Relations

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Management and Research	Publication and promotion of economic research relevant to South Africa	Publication of economic papers	Publication of research or discussion papers on growth, employment creation, retirement reform, and various tax and financial sector policy issues
Financial Sector Policy	Reforming system of retirement funding	Publishing papers, gazettes or legislation on retirement reforms	Two research and concept papers to support retirement reform Tabling of legislation on pensions and insurance industry
	Financial stability	Enforcement of regulations or drafting of legislation promoting financial stability	Support regulatory agencies to monitor stability of financial sector Report on improving financial regulatory system Legislation on pension and insurance sectors
	Financial sector transformation and access	Establishment of the Development Agency for Cooperative Banks	Appointment of the board and the managing director for the Development Agency for Cooperative Banks Publication of discussion paper on micro-insurance industry

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Programme 6: Economic Policy and International Financial Relations (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Tax Policy	Tax proposals and revenue forecasts for the annual budget	Chapter 4 of the annual Budget Review	Publication on Budget Day 2009
	Tax legislation and amendments	Taxation and Revenue Laws Amendment Bill	Tabling by April 2008
		Minerals and Petroleum Resources Royalty Bill	Tabling by June 2008
		Revenue Laws Amendment Bill	Tabling by September 2008
International Economics	Promotion of Southern African economic integration	Agreement and implementation of a road map for integration and review of SACU revenue-sharing formula	Participate in process to develop a road map for regional integration in SADC Develop proposals and engage within SACU to review revenue-sharing formula during 2008
	Promoting development of African countries and attainment of MDGs	Playing a catalyst role with donor countries and in capacity-building initiatives	Participate in ADB, UNECA and CABRI
	Improving South Africa's participation in international economic institutions like the IMF, World Bank and G20	Playing a catalyst role in the reform of Bretton Woods institutions, climate change, attainment of MDGs and elimination of poverty	Contribute to discussions and agenda-setting in key multilateral institutions

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Programme 6: Economic Policy and International Financial Relations (Cont)

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Economic Policy	Economic policy analysis, research, assessment and advice covering trade, labour markets, industrial sectors, network infrastructure, development finance institutions and economic growth	High-quality policy memos and economic assessment of policy proposals with appropriate turnaround times	Institutional development of divisional capacity and quality benchmarking
	Macroeconomic forecasts	Quarterly economic forecasts and high-quality policy and scenario modelling	Staffing and capacity development for modelling and forecasting
	Macroeconomic perspectives and analysis	High-quality Chapter 2 of MTBPS and Budget Review	Improved policy focus in MTBPS
	Speeches and briefing notes	Speeches published on intranet	Wider dispersion of speech-writing skills in staff via capacity building
	Meetings with investors on the economic outlook	Impact on investor analysis	Made-to-measure analytics prepared for meetings
	Regulatory impact assessments	Number and quality of assessments	Work processes developed by December 2006

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Programme 7: Provincial and Local Government Transfers

Subprogramme	Output	Measure / Indicator	2008/09 Target Milestone
Infrastructure Grant to Provinces	Monitoring provincial infrastructure development	Transfers in compliance with conditions	Transfers made in accordance with the Division of Revenue Act
		Reporting on compliance, transfers and spending	Quarterly reporting by nine provinces on aggregate infrastructure spending and outputs
		Improvement of infrastructure delivery management systems, through implementation of IDIP in provinces	Technical assistance teams appointed to assist education, health and public works departments in nine provinces
			Delivery management systems institutionalised to improve planning and programme/project management in nine education departments and 80% of health and public works departments
Local Government Financial Management Grant	Monitoring of municipal financial management reforms and restructuring	Transfers made according to conditions	Transfers made by 31 March 2009 Appointment of at least two interns in 283 municipalities (a total of 566 graduates) Improved reporting in 50 municipalities through the new system Budget reforms in 100 municipalities Progressive implementation of MFMA in all municipalities

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Programme 8: Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Output	Measure/Indicator	2008/09 Target Milestone
Civil Pensions and Contributions to Medical Schemes	Payment of pension benefits and contributions to funds (including special pensions)	All beneficiaries paid monthly	9 182 injury-on-duty (IOD) beneficiaries 6 187 special pensions monthly pensioners
	Payment of contributions to medical aid schemes	All contributions paid timeously	71 169 members per month
	Payment of risk and administration fees to the Political Office Bearers' Pension Fund	Payment of risk and administration fees in respect of all members monthly	Payment of risk and administration fees in respect of 500 members monthly
	Notify beneficiaries of special pensions amendments	Successful national awareness campaign	Process all applications by March 2009
Military Pensions and Other Benefits	Payment of military pension benefits	All beneficiaries paid monthly	6 994
	Payment to service providers for medical expenses	All claims paid to service providers monthly	764