National Treasury

Strategic Plan
2009/10 – 2011/12

Presentation by Director-General Lesetja Kganyago
23 June 2009
Aim and strategic objectives

- 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 South African economy.
- Sound management of government’s financial assets and liabilities.
- Promote transparency and enforce effective financial management.
- Develop and promote policies that lead to job creation.
Programme 2: Public Finance and Budget Management

Programme 2 comprises three divisions, namely Public Finance, Budget Office and Intergovernmental Relations (*MFMA unit now falls under programme 5*)

- Maintain a sound fiscal stance to support growth and development in the context of the economic crisis.

- Budget co-ordination and process improvements focussed on aligning budgets with priorities, improving service delivery and ensuring better value for money.

- Improve the quality and quantity of measurable objectives and indicators.

- Advance work currently in progress on social security and retirement reform.

- Advise the Minister on the financial implications of sectoral policies and work with departments, sectors, provinces to ensure alignment of policies, resources and plans.

- Publish the Provincial Government Budget and Expenditure Review.
Programme 3: Asset and Liability Management

The Asset and Liability Management division actively manages government debt with a view to reducing debt service costs

- The Asset Management sub-programme has been divided into two sub-programmes namely Governance and Financial Analysis, and Sectoral oversight following internal restructuring.

- Proposals on how government will support DFIs and establishment of a DFI council.

- Work to reduce debt service costs to 2.2% of GDP.

- Conduct semi-annual sovereign credit rating reviews.
Programme 4: Financial Management and Systems

Financial Management and Systems regulates and oversees public sector supply-chain management. (The *PFMA unit has been moved to programme 5*)

• Establish Supply Chain Management Compliance Monitoring Unit, to monitor and combat procurement-related corruption.

• Align preferential procurement framework with the BBBEE Act.

• Facilitate and manage transversal term contracts.

• Coordinate and implement Integrated Financial Management Systems Phase III:
  – Roll out Asset Management Module. (NT, DoD and 4 departments in the Limpopo Province)
  – Rollout Procurement Management Module. (NT Procurement Unit, NT Contracts Management, DoD)
  – Rollout HR Module. (DPSA, DoE Free State)

• Continue to roll-out of strategic sourcing principles.
• Continue supporting all spheres of government and public entities on compliance with applicable SCM standards and prescripts.
Programme 5: Financial Accounting and Reporting

Financial Accounting and Reporting promotes accountability to the general public by promoting transparency and effectiveness in the delivery of services. *(The PFMA and MFMA units are in this programme)*

- Improve audit outcomes of institutions in all spheres of government.
- Introduce monthly management accounts in departments.
- Improve the skills of finance practitioners in all spheres of government and address organisational constraints.
- Support provinces by way of frameworks and co-ordinate annual consolidated financial statements.
- Finalise amendments to the PFMA and MFMA and effect consequential amendments to other legislation.
- Coordinate Local Government Support with Co-operative Governance and Traditional Affairs.
- Set up the Public Sector Audit Committee Forum in conjunction with SAICA and IOD.
Programme 6: Economic Policy and International Financial Relations

This programme now has three divisions namely; the Economic Policy division, Tax and Financial Sector Policy division and International and Regional Economic Policy division.

• Further develop research capacity to address areas such as growth, employment, banking, taxation and environmental fiscal reform.

• Review the architecture and effectiveness of the financial regulatory system.

• Improve access to financial services.

• Reform the system of retirement funding. (working with Programme Two)

• Complete conversion of the STC regime, review taxation of financial instruments and develop tax incentives to support industrial policy.

• Promote regional integration in SADC, the development of African countries and the attainment of Millennium Development Goals.

• Strengthen economic policy and forecasting, covering microeconomic analysis, and assessing the impact of the global economic crisis.
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
• Financial Intelligence Centre
• Development Bank of South Africa (Siyenza Manje)
• Secret Services
Key focus areas for 2009 - 2010
Programme 1

• Develop, implement and maintain an integrated, progressive and innovative HR Strategy.
• Develop integrated business solutions to improve knowledge management.
• Develop, implement and maintain financial management and governance according to best practice.
• Develop and maintain a sound procurement management strategy.
• Ensure the physical security of employees and assets.
• Under this programme we also have IT, Legal Service, Legislation, Communication and Parliamentary Service.
## Summary of Expenditure

### Operational Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 2008/09 R’000</th>
<th>Preliminary Outcome 2008/09 R’000</th>
<th>Budget 2009/10 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration*</td>
<td>204 963</td>
<td>203 663</td>
<td>188 769</td>
</tr>
<tr>
<td>Public Finance and Budget Management</td>
<td>245 288</td>
<td>244 056</td>
<td>208 482</td>
</tr>
<tr>
<td>Asset &amp; Liability Management</td>
<td>63 796</td>
<td>62 503</td>
<td>64 405</td>
</tr>
<tr>
<td>Financial Management and Systems</td>
<td>278 851</td>
<td>272 720</td>
<td>611 704</td>
</tr>
<tr>
<td>Financial Accounting and Reporting</td>
<td>203 408</td>
<td>202 987</td>
<td>123 374</td>
</tr>
<tr>
<td>Economic Policy and International</td>
<td>90 958</td>
<td>90 294</td>
<td>87 631</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1 087 264</strong></td>
<td><strong>1 076 223</strong></td>
<td><strong>1 284 365</strong></td>
</tr>
</tbody>
</table>

*Administration as % of total: 18.85% (2008/09), 18.92% (2009/10), 14.70% (2009/10)*
# Summary of Expenditure

<table>
<thead>
<tr>
<th>Transfers</th>
<th>Budget 2008/09 R’000</th>
<th>Preliminary Outcome 2008/09 R’000</th>
<th>Budget 2009/10 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Budget</strong></td>
<td>1 087 264</td>
<td>1 076 223</td>
<td>1 284 365</td>
</tr>
<tr>
<td>7. Provincial and local government transfers</td>
<td>7 938 027</td>
<td>7 826 044</td>
<td>14 410 631</td>
</tr>
<tr>
<td>8. Civil and military pensions, contributions to funds and other benefits</td>
<td>2 313 688</td>
<td>2 331 262</td>
<td>4 920 302</td>
</tr>
<tr>
<td>9. Fiscal Transfers</td>
<td>20 085 185</td>
<td>20 078 580</td>
<td>41 060 932*</td>
</tr>
<tr>
<td><strong>TOTAL BUDGET</strong></td>
<td>31 424 164</td>
<td>31 312 109</td>
<td>61 676 230</td>
</tr>
</tbody>
</table>

*Due to R30 billion transfer to Eskom.
## Personnel plan

### 1 April 2008 to 31 March 2009

#### New appointments

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>227</td>
</tr>
<tr>
<td>SMS</td>
<td>23</td>
</tr>
<tr>
<td>Non SMS</td>
<td>204</td>
</tr>
</tbody>
</table>

#### Transfers from other government departments

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>64</td>
</tr>
<tr>
<td>SMS</td>
<td>4</td>
</tr>
<tr>
<td>Non SMS</td>
<td>60</td>
</tr>
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</table>

#### Staff who left the National Treasury

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>135</td>
</tr>
<tr>
<td>SMS</td>
<td>33</td>
</tr>
<tr>
<td>Non SMS</td>
<td>102</td>
</tr>
</tbody>
</table>

*Pursuit of better work opportunities was cited as main reason for SMS staff leaving the Treasury*
Personnel plan

1 April 2008 to 31 March 2009 Strategic Initiatives

- New functional structure was approved to manage funded posts.
- Human Resources Business Partner model introduced.
- Talent Management Framework developed to facilitate attraction and retention programmes.

1 April 2009 to 31 March 2010 Strategic Initiatives

- Leadership Development Programme to be rolled out in line with Talent Management Framework.
- New recruitment operating model will be in place to improve turnaround times, vacancy rate and quality of hire.
- Integrated learning and development framework to focus on the four critical areas of training (technical, behavioral, leadership and foundational skills).
Staff Profile as at 31 March 2009

Management

GENDER (SMS)
- Female: 40%
- Male: 60%

RACE (SMS)
- White: 34%
- Black: 66%

Employees below Management

GENDER (NON-SMS)
- Female: 59%
- Male: 41%

RACE (NON-SMS)
- White: 20%
- Black: 80%
Rationale:

• Improve coordination and ensure greater transparency.
• Undertake specialist work without compromising on quality.
• Each group has areas of common interest in cross-cutting initiatives.
• Creation of a dedicated technical and management advisory unit for government.
Fiscal and Budget group

This group is made up of programme 2 which has three divisions – the Budget Office, Public Finance and Intergovernmental Relations

Key projects over next 3 years include

• Coordinating budget reforms.
• Enhanced appraisal capacity for capital projects.
• Improved financial management co-ordination.
• Strengthening support to local government.
• Mobilising private sector finance and Development Finance Institutions in key investment programmes.
• Enhanced public sector reforms, personnel policy and analysis of remuneration trends.
• Comprehensive analysis of trends in budget expenditure.
Economics and Financial Markets group

This group is made up of four divisions – Tax and Financial Sector Policy, Economic Policy, Asset and Liability and International and Regional Economic Policy

Key projects over next 3 years include

- Growth and job creation.
- Employment studies.
- Current account and funding thereof.
- State owned enterprises.
- Regional economic integration.
- Global finance and economics.
- Domestic savings.
Financial Management group

This group is made up of two divisions – Office of the Accountant General and Specialist Functions

Key projects over next 3 years include

- GRAP Implementation.
- Implementation of IFMS.
- Review and amendment of PFMA, MFMA, PPPFA.
- Development of learning framework.
- Establishment of Compliance Unit for SCM.
- Allocation of FM conditional grant to secure sound and sustainable fiscal and financial management in municipalities.
- Adapt FM Capability Maturity Model for all three spheres of government.