



ANNUAL PERFORMANCE PLAN 2018/19



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA





ANNUAL PERFORMANCE PLAN 2018/19

The 2018/19 National Treasury Annual Performance Plan
is compiled with the latest available information
from departmental and other sources.

Some of this information is unaudited or subject to revision.

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ANNUAL PERFORMANCE PLAN 2018/19

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NHLANHLA NENE
Minister of Finance

MINISTER'S FOREWORD

2018/19 is an auspicious year in which we all, across the length and breadth of South Africa, in cities and villages urban towns and rural farms, will celebrate the centenary of the birth of our late icon, founding father and first democratic President, Nelson Rolihlahla Mandela.

For this year of remembrance to have meaning, and given our current challenges on the national agenda, we must commit to deep reflection and demonstration of the values, principles and ideals we have learned from President Mandela's extraordinary life: humanity, tolerance, selflessness, commitment to social justice, and building a society that empowers all who live in it. We should all ask ourselves what role we will play in achieving these aims. What will we each - as institutions, as a collective, and as individuals - contribute?

Among other things, National Treasury carries the responsibility of funding public services that address the nation's most urgent social and economic needs, to ensure sustainable public finances, and to contribute to the National Development Plan Vision 2030, especially with respect to inclusive growth and economic transformation.

Providing high quality public services with less public spending is a universal ambition, but especially so for South Africa given our shared obligation to redress inequality, deepen democracy, accelerate economic prosperity and build an inclusive society. Accelerating delivery on public service priorities such as health care and education, intensifying employment creation and poverty alleviation efforts, as well as escalating quality infrastructure development, is imperative to the continued transformation of our country to encompass both political emancipation and full economic participation. This is at a time when our economy is experiencing slow growth, thus placing immense pressure on the resources available to finance public services, and threatening the affordability of public expenditure. An important aspect of government's strategy in dealing with these challenging times of competing demands in a constrained fiscal environment is the increased emphasis on the alignment of performance measurement and departmental budgeting, evidence based decision-making and measuring results in policy design and delivery. In so doing, the actual impacts and public benefits of government's actions will be discerned, allowing citizens to hold government to greater accountability of what is to be achieved, as well as how and at what cost.

Various key economic indicators referred to in the Medium Term Budget Policy Statement (MTBPS), presented in October 2017, clearly highlight some of the major challenges currently facing the South African economy. These include the economic growth rate that has been projected to be 1.1 per cent in 2018, the consolidated budget deficit that is expected to be 3.9 per cent in 2018/19, and the gross debt to GDP ratio that is projected to reach 59.7 per cent of GDP in 2020/21 and that will continue to climb unless fiscal consolidation is intensified or economic growth improves, or both. Also of importance is the need to address the debt obligations of various state-owned companies (SOCs) and to avert further downgrades by global credit ratings agencies. Strategies to address these challenges

are underway with progress being made in several areas. These include the establishment of the Budget Facility for Infrastructure, the implementation of new procurement regulations, signing of the Financial Sector Regulation Act (Act No. 9 of 2017) into law and the appointment of credible, capable boards, board chairpersons and chief executives to lead turnarounds at South African Airways (SAA) and Eskom.

Vision 2030 requires that government, together with the social partners and society as a whole, makes tangible progress in driving inclusive growth and economic transformation. Focus areas that will inform the work of all stakeholders, including National Treasury are:

- Ensuring that ownership, management and worker profiles reflect South African society
- Improving the sectoral composition of the economy so that it no longer reflects historical injustices and inequalities. Integrated community development is central to this and requires strengthened cooperation between national government, provinces and municipalities in areas such as housing, water, sanitation, electrification and public transport
- Developing productive economic activity in the townships and rural areas
- Creating a single economy that includes beneficiation streams with regional and global links

Of particular importance to the workings of National Treasury is the need for decisive action to maintain the integrity of the expenditure ceiling and return public finances to sustainability.

It is evident that the South African government is seeking to improve the economic, political, and social well-being of its people. Inclusive growth, poverty reduction and job creation remain key goals of economic policy. While the lives of millions of South Africans have been greatly improved since 1994, there is still much to be done. Central to this is the ability to shape the future to respond to the needs and aspirations of the people. To do so requires the establishment and implementation of shared programmes and initiatives to develop the economy. Annual Performance Plans by departments such as the National Treasury provide important elements in this process by establishing clear, measurable and time-bound targets for such programmes and a sound basis for monitoring implementation.

National Treasury is a critical institution in our nation's governance framework, and a key component of a capable and developmental state. We are committed to National Treasury continuing to be a centre of excellence in government, thanks to the expertise, commitment and integrity of its staff.



DONDO MOGAJANE
Director-General

DIRECTOR-GENERAL'S FOREWORD

Public sector performance planning, monitoring and evaluation efforts increasingly assist in improving and informing evidence based policy decision-making that in turn contributes to the development and strengthening of public trust. By transparently and clearly stating strategic objectives, performance indicators and targets, National Treasury's Annual Performance Plan (APP) 2018/19 provides all stakeholders with a valuable means of holding the department to account for the objectives it is mandated to achieve and the resources spent in the course of their achievement.

As with other government departments, National Treasury has been subject to the severe budgetary constraints that have become necessary in the process of reducing the costs of government and freeing up funds for prioritised areas of public service delivery, primarily in respect of health, social development, education and job creation. Despite these constraints, National Treasury remains steadfastly committed to the fulfilment of its mandate and to achieving its strategic aims and objectives. Achieving more results with less resources and ensuring value for taxpayers' monies are entrenched in guiding the department's work programmes.

National Treasury APP 2018/19 focuses the work of the department in:

- Coordinating fiscal relations between national, provincial and local government, promoting sound budgetary planning at provincial and local spheres of government, monitoring implementation and building capacity that will enable efficient and effective management practices
- Monitoring the use of scarce public resources by national spending agencies and promoting the efficient and effective use of these resources
- Developing the necessary Twin Peaks implementation regulations and a comprehensive prudential and market conduct framework for new authorities
- Implementing savings and retirement policies, specifically the annuatisation resolution and full implementation of default regulations for retirement funds
- Conducting relevant economic research that informs economic policy and frameworks
- Preparing and publishing the national budget, ensuring that resource allocations meet the priorities set by government while maintaining the expenditure ceiling
- Exercising oversight over state-owned companies and enabling them to better achieve government's policy objectives in a financially and fiscally sustainable manner

- Optimally managing public debt and funding of government's borrowing requirements as well as government's cash resources
- Through various monitoring mechanisms, investigating processes and capacity building initiatives to improve financial management governance and compliance across all spheres and entities in government, giving effect to the PFMA and MFMA
- Further developing and implementing strategic procurement as well as modernising and automating government supply chain processes
- Effectively administering and, in partnership with stakeholders, optimising the following programmes for impact results, namely the Jobs Fund (employment creation facilitation programme), the municipal finance improvement programme (MFIP) and the cities support programme (CSP)

The APP 2018/19 is an ambitious programme of work for National Treasury. The commitments made are cognisant of the challenging times we face and borne out of a collective understanding of the responsibilities and obligations placed on all of us in public service by the Constitution and the aspirations of the people of South Africa.



ANNUAL PERFORMANCE PLAN 2018/19

OFFICIAL SIGN OFF

It is hereby certified that this Annual Performance Plan:


Was developed by the management of National Treasury
under the guidance of the Honourable Minister of Finance, Mr Nhlanhla Nene

Was prepared in line with the current Strategic Plan of National Treasury


Accurately reflects the performance targets that National Treasury
will endeavour to achieve given the resources made available in the budget for 2018/19.


Silindile Kubheka
Chief Financial Officer


Stadi Mgomezulu
**Deputy Director-General:
Corporate Services**


Dondo Mogajane
**Accounting Officer:
National Treasury**

Approved by:


Nhlanhla Nene, MP
Minister of Finance



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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACRONYMS AND ABBREVIATIONS

Acronym / Abbreviation	Description
AENE	Adjusted Estimates of National Expenditure
ALM	Asset and Liability Management
APP	Annual Performance Plan
ASB	Accounting Standards Board
B-BBEE	Broad-Based Black Economic Empowerment
BEPP	Built Environment Performance Plan
bn	Billion
BRICS	Brazil-Russia-India-China-South Africa
CBDA	Co-operative Banks Development Agency
CDS	Capacity Development Strategy
COLA	Cost-of-Living Adjustment
CSP	Cities Support Programme
DBSA	Development Bank of Southern Africa
DFIs	Development Finance Institutions
DoRA	Division of Revenue Act
DPSA	Department of Public Service and Administration
ENE	Estimates of National Expenditure
FAIS Ombud	Ombud for Financial Service Providers
FFC	Financial and Fiscal Commission
FIC	Financial Intelligence Centre
FMCMM	Financial Management Capability Maturity Model
FMG	Financial Management Grant
FSB	Financial Services Board
G20	Group of Twenty Finance Ministers and Central Bank Governors
G24	Intergovernmental Group of Twenty Four
GDP	Gross Domestic Product
GEPF	Government Employees Pension Fund
GPAA	Government Pensions Administration Agency
GRAP	Generally Recognised Accounting Practice
GTAC	Government Technical Advisory Centre
HR	Human Resources
IA	Internal Audit
ICDG	Integrated City Development Grant
ICT	Information and Communications Technology
IDIP	Infrastructure Delivery Improvement Programme
IDM	Infrastructure Delivery Management
IDMS	Infrastructure Delivery Management System
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
IRBA	Independent Regulatory Board of Auditors

ACRONYMS AND ABBREVIATIONS

Acronym / Abbreviation	Description
IREP	International and Regional Economic Policy
ISDG	Infrastructure Skills Development Grant
KM	Knowledge Management
Land Bank	Land and Agricultural Development Bank
m	Million
MFIP	Municipal Finance Improvement Programme
MFMA	Municipal Finance Management Act
MINCOMBUD	Ministers' Committee on the Budget
MOF	Minister of Finance
MPAT	Management Performance Assessment Tool
mSCOA	Municipal Standard Chart of Accounts
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NCOP	National Council of Provinces
NDP	National Development Plan
NDPG	Neighbourhood Development Partnership Grant
NRF	National Revenue Fund
NT	National Treasury
ODA	Official Development Assistance
OPFA	Office of the Pension Fund Adjudicator
OTO	Office of the Tax Ombud
PFM	Public Finance Management
PFMA	Public Finance Management Act
PIC	Public Investment Corporation
PPP	Public-Private Partnership
RDP	Reconstruction and Development Programme
SAA	South African Airways
SACU	Southern African Customs Union
SARS	South African Revenue Service
SASRIA	South African Special Risks Insurance Association
SCM	Supply Chain Management
SITA	State Information Technology Agency
SLA	Service Level Agreement
SOC	State-Owned Company
SOE	State-Owned Entity
SSA	State Security Agency
WBs	Water Boards
WBG	World Bank Group



**ANNUAL PERFORMANCE PLAN
2018/19**

PART A:
STRATEGIC OVERVIEW



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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

1. UPDATED SITUATIONAL ANALYSIS

1.1. Performance Delivery Environment

ECONOMIC ENVIRONMENT

In 2017, South Africa entered a technical recession when its gross domestic product (GDP) declined 0.6 per cent during the first quarter of 2017 after having contracted by 0.3 per cent in the fourth quarter of 2016. This was the second technical recession experienced in South Africa since 1994. By way of contrast, the world economy grew at a rate of 3.2 per cent in 2016. While this was the lowest rate since 2009, it nevertheless substantially exceeded South Africa's growth rate of 0.3 per cent. International Monetary Fund (IMF) projections indicate global economic growth of 3.7 per cent in 2017 and 3.9 per cent in 2018. This outlook largely reflects a recovery in demand and trade in Europe and Asia. Furthermore, growth in sub-Saharan Africa is projected to rise to 2.7 per cent in 2017 and 3.3 per cent in 2018, from 1.4 per cent in 2016.

The causes of the technical recession in South Africa were to be found in the contraction of economic activity in various sectors, including manufacturing, mining, and construction. The situation was further exacerbated by a severe drought in the agricultural sector and subdued investment levels in various sectors of the economy owing to uncertainty arising from weakened business confidence and the risk of downgrades by various ratings agencies.

GDP growth in the South African economy improved to 2.8 per cent during the second quarter of 2017, thus averting a full recession. Various signs of economic recovery have recently become evident, based on post-drought recovery in the agricultural sector, improvements emerging in the mining and manufacturing sectors and expansion in household consumption. Nevertheless, as communicated during the Medium Term Budget Policy Statement during October 2017, severe economic constraints continue to prevail.

South Africa will require strong economic growth in 2018 to reduce unemployment, which stood at 27.7 per cent at the end of the third quarter of 2017, to alleviate poverty, address inequality and increase revenue for government to meet its development objectives.

THE PERCEPTIONS OF INVESTORS AND RATINGS AGENCIES

The sovereign credit risk ratings of South Africa's foreign currency debt were downgraded by the major ratings agencies to sub-investment grade during 2017. The implications of the downgrade on the economy of South Africa include:

- Higher borrowing costs for the government and state-owned companies (SOCs). This has resulted in additional revenue being directed to debt servicing, thus reducing the funds available to government. With less resources available, there is pressure on government's ability to provide for programmes on social upliftment and infrastructure development and maintenance. Furthermore, for SOCs this increases the refinancing risk, thus placing pressure on the sovereign balance sheet.
- Reduced demand for South African investments (bonds, equities and foreign direct investments) as perceptions of risk heighten.
- A weakened Rand resulting in increased prices of imported goods and services, causing higher rates of inflation.

South Africa has made progress in resolving electricity constraints, and in improving labour relations and the ease of doing business. Recent developments in the global economy also present opportunities. These include growth in some of our major trading partners, a recovery in commodity prices, and recent strong capital inflows into emerging markets. Creating policy certainty and increased opportunities for investment, small business development and employment would improve South Africa's economic outlook in the medium and longer term. While the scrutiny of ratings agencies and investors is a natural outcome of borrowing by the state, it is nevertheless important that this be balanced with the imperatives of South Africa's development objectives.

PART A: STRATEGIC OVERVIEW - Continued

RISING PUBLIC DEBT

Higher levels of economic growth are required to improve government revenues as a means of reducing the budget deficit and, in so doing, prevent public debt levels from increasing further. Apart from ensuring policies that are in support of economic growth, government has an important role to play in reducing its own costs to the fiscus. In this severely constrained fiscal environment, government needs to do more with less.

Government is committed to maintaining the fiscal framework announced in the budget and the Medium Term Strategic Framework.

The 2017 budget reiterated the commitment to a measured, prudent course of fiscal consolidation to narrow the budget deficit and stabilise debt. To achieve this, the 2017 budget proposed additional revenue measures of R28 billion in 2017/18 and expenditure ceiling reductions of R10 billion in 2017/18 and R16 billion in 2018/19. A measured approach protects public finances and creates an enabling environment for accelerated economic growth.

Significant spending pressures (e.g. the wage agreement and higher education funding shortfalls) were absorbed through reprioritisation of the budget and the contingency reserve during 2017. As far as possible, government protected spending on front-line services and shifted funds towards priority areas. Education, health and social grants are the highest growing areas of spending after debt service costs.

Maintaining existing social spending required the raising of tax rates by government. This occurred primarily at the upper end of the income spectrum, thereby strengthening the progressive nature of the tax system. Over the long term though, higher levels of economic growth are required to bolster tax revenues and public expenditure.

Obtaining better value for public money will be a central objective over the period ahead. Procurement reforms are expected to realise substantial savings. During 2017, National Treasury stepped up in-year monitoring of funds appropriated to departments and public entities and this trend is set to continue in 2018.

RISK MANAGEMENT REGARDING THE CONTINGENT LIABILITIES OF STATE OWNED COMPANIES (SOCs)

Specific processes to improve governance and the financial strength of SOCs commenced in 2017. This included the plan to recapitalise SOCs in distress.

Moves to strengthen governance in SAA by appointing permanent executives progressed significantly in 2017. This included appointing an aviation expert as the Chief Restructuring Officer with effect from mid-October 2017. Furthermore, a new Chief Executive Officer with considerable experience regarding the implementation of successful turnaround strategies in the private sector was appointed with effect from 1 November 2017. A new SAA Chairperson and Board also took office during November 2017.

A R10 billion recapitalisation of SAA was announced in the 2018 MTBPS. This includes the R2.2 billion transferred on 30 June 2017 and the R3 billion transferred on 29 September 2017. The remaining R4.8 billion was disbursed in December 2017.

Regarding the disposal of non-core assets by government to assist in covering the liabilities incurred by SOCs, National Treasury crafted a draft framework in 2017. The detailed audit of non-strategic assets of SOCs, aimed at strengthening their balance sheets, will commence once the framework for disposal of non-core assets has been approved by the relevant structures.

More generally, Cabinet resolved that government would need to finalise various unfinished policy discussions and urgently

PART A: STRATEGIC OVERVIEW- Continued

unlock investments in support of growth, job creation and economic transformation. Government must create policy certainty and fast-track the following:

- The Mining Charter and the Mineral and Petroleum Resources Development Act
- Rollout of broadband, or high-speed internet, to all communities
- Allocation of telecommunications spectrum
- Conclusion of Independent Power Producer agreements
- Land and agrarian reform

CREATION OF THE BUDGET FACILITY FOR INFRASTRUCTURE

The Budget Facility for Infrastructure (BFI) is a reform of the budget process aimed at creating institutional procedures supporting the commitment of fiscal resources to large-scale infrastructure projects and programmes.

The BFI was finalised in 2017 following a consultative process with key stakeholders. A call-for-proposals for large infrastructure projects of national priority was also issued as part of the 2018/19 MTEC guidelines. The facility established specialised structures, procedures and criteria to improve the rigour of budgeting for large infrastructure projects and programmes by ensuring that the full life cycle costs of projects are explicitly considered in planning, adequately budgeting for and anticipating in future budgets. The facility provides a single window and operating procedure for dealing with budget submissions for these projects.

Work has been undertaken by National Treasury, the Economic Development Department (Presidential Infrastructure Coordinating Commission) and the Department of Planning Monitoring and Evaluation to put in place the structures, processes and criteria for the appraisal and evaluation of these large projects.

PUBLIC SECTOR PROCUREMENT

Government is intensifying efforts to improve its procurement systems and leverage public procurement to promote economic transformation imperatives. The aim of the draft Public Procurement Bill is to maximise the developmental impact of the more than R500bn that government entities spend annually in procuring goods and services. Economic transformation will be at the centre of procurement strategies, reporting and performance management. Preferential procurement will be used to grow credible productive capacity rather than rent-seeking.

Preferential Procurement Regulations that took effect on 1 April 2017 provide policy instruments in promoting government's objective of an inclusive economy. These regulations have broadened the scope for black businesses to participate in government procurement opportunities.

FINANCIAL SECTOR REGULATION

Various initiatives, in which National Treasury is taking the lead, are underway within this sector. These are aimed primarily at ensuring that financial institutions treat their customers fairly, are able to meet their obligations to their customers and at ensuring that the financial system is stable and capable of providing ongoing services that are vital to the healthy operation of the economy. The key areas are the following:

- Implementation of the Twin Peaks Model (Financial Sector Regulation Act) - the Financial Sector Regulation (FSR) Bill was approved by Parliament in June 2017 and signed into law by the President in August 2017. The focus is now on implementing the Act, which creates a new system of financial regulation by establishing a Prudential Authority and a Financial Sector Conduct Authority and by conferring powers on these entities. Significant effort will be required to manage the transition to this new regulatory architecture

PART A: STRATEGIC OVERVIEW - Continued

This will involve closing existing entities, including the Financial Services Board, and managing shifts in staff, resources and legal responsibilities. The FSR Act is aimed at strengthening South Africa's approach to consumer protection and market conduct in financial services as well as ensuring a more resilient and stable financial system. Customer protection will be strengthened by the Act, both through the creation of the new market conduct authority and through the creation of an Ombud Council tasked with ensuring fair, effective and accessible complaint resolution platforms for financial customers

- Convening the Financial Sector Summit on transformation. Concerted steps are required to address all vestiges of structural imbalances that remain from apartheid, not only in the financial sector but across the economy. The targets identified in the Broad Based Black Economic Empowerment (BBBEE) policy framework set these out, and these were included in the Financial Sector Code. However, it has become evident that the code had various shortcomings. A decision was accordingly taken by the National Economic Development and Labour Council (NEDLAC) to hold a second Financial Sector Summit during the first quarter of 2018 to review progress made from the initial summit in 2002 and to refocus the transformation policy framework, approaches, implementation and impact. In preparation for the summit, National Treasury devised various policy proposals. A draft policy on Financial Inclusion, encompassing transformation in support of a more inclusive financial sector, was also finalised
- Introduction of micro-insurance. The Insurance Bill 2016, which was presented to Parliament in 2017, provides for a dedicated micro-insurance licence category. The micro-insurance framework is part of a developmental framework that supports niche insurers with lower prudential (capital) requirements as well as financial inclusion. It encourages formalisation by lowering regulatory barriers to entry for participants seeking to enter the insurance market
- Amending legislation for Postbank licensing. National Treasury and the Department of Telecommunications and Postal Services are finalising draft legislation to facilitate licensing of the Postbank. The proposals will be submitted to Cabinet shortly for public consultation

1.2. Organisational Environment

As with government in general, National Treasury is working diligently on achieving more with less. This is very important given the constrained fiscal environment in which we operate. A suite of measures has been instituted to reduce the costs to the department in respect of compensation, goods and services, capital expenditure and transfers, and subsidies. Risk mitigation strategies have also been put in place in each of the areas where cost reductions have been implemented to ensure continued delivery of services at required levels. Despite these cost containment measures, National Treasury remains committed to achieving its mandate as set out in the PFMA, namely to:

- Promote government's fiscal policy framework
- Coordinate macroeconomic policy and intergovernmental financial relations
- Manage the budget preparation process
- Facilitate the Division of Revenue Act (DoRA), which provides for an equitable distribution of nationally raised revenue between national, provincial and local government
- Monitor the implementation of provincial budgets

National Treasury needs to ensure that there is no compromise on delivery in its core areas as each of these is important for the sustainable economic wellbeing of the country. Key focus areas over the medium term are as follows:

- Promoting economic policy coherence around the objectives of growth and jobs
- Addressing risks on the public sector balance sheet
- Executing a credible budget process that allocates resources sustainably to policy priorities and is in line with spending plans
- Exercising public finance management oversight responsibilities, including capacity building, that deliver value for money
- Making the financial sector serve South Africa better
- Building an effective institution that is a centre of excellence
- Implementing a strategic communications and outreach programme that addresses stakeholders' needs

1.3. Revisions to Legislative and Other Mandates

New legislation during the 2017/18 financial year which affects National Treasury is as follows:

- Appropriation Act, 2017
- Division of Revenue Act, 2017
- Financial Intelligence Centre Amendment Act, 2017
- Financial Sector Regulation Act (Act No. 1 of 2017)
- Insurance Act (still to be assented to)
- Adjustments Appropriation Act
- Division of Revenue Amendment Act (DoRA)
- Rates and Monetary Amounts and Amendments of Revenue Laws Amendment Act (Act No. 14 of 2017)
- Tax Administration Laws Amendment Bill (still to be assented to)
- Taxation Laws Amendment Bill (still to be assented to)
- (New) Treasury Regulations (final regulations still to be promulgated)

The process to consider the development of new policies or review of existing instruments will be conducted during 2018/19 in respect of the following:

- 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
- National Payment System Amendment Bill
- Appropriation and Adjustments Appropriation Bills
- Division of Revenue and Divisions of Revenue Amendment Bills
- Rates and Monetary Amounts and Amendments of Revenue Laws Amendment Bill
- Tax Administration Laws Amendment Bill
- Taxation Laws Amendment Bill

1.4. Strategic Outcome Oriented Goals of the Institution

PROGRAMME 1: ADMINISTRATION

This programme ensures effective leadership, strategic management and administrative support to National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.

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

This programme aims to promote economic policy coherence around the objectives of growth and jobs and improve South Africa's macroeconomic and microeconomic framework by conducting ongoing analysis, research and policy advisory services. The programme supports economic growth, employment and macroeconomic stability and retirement reform by:

- Developing tax policy proposals and supporting tax legislation for the annual budget
- Monitoring the collection of revenue through ongoing consultation with relevant stakeholders, and analysing the factors determining the tax collection

PART A: STRATEGIC OVERVIEW - Continued

- Providing macroeconomic forecasts and scenario modelling
- Providing economic policy analysis, research, assessment and advice on macro and microeconomics, including government policy proposals

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

This programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies and effective, efficient and appropriate allocation of public funds to address government's policy priorities. It aims to achieve these objectives by:

- Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities
- Managing the annual budget process and providing public finance management support

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

The programme manages government's annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. It also seeks to promote and enforce prudent financial management of state-owned entities (SOEs) through financial analysis and oversight.

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

This programme is made up of two divisions: the Office of the Accountant-General and the Office of the Chief Procurement Officer. This programme facilitates accountability, governance and oversight by promoting effective, efficient, economic and transparent management of revenue, expenditure, assets, and liabilities across all spheres of government and public entities.

The Office of the Accountant-General also provides financial support through the Financial Management Grant (FMG) and technical assistance in the form of specialist advisor placements to municipalities. This augments municipal own resources to implement the reforms legislated in the Municipal Finance Management Act (MFMA). The grant further assists municipalities build institutional and technical skills in all aspects of financial management including the appointment of suitably qualified finance officials, growing the internship programme for graduates to be absorbed in municipalities, implementing budget reforms, improving supply chain management, addressing shortcomings in revenue management, strictly implementing controls in expenditure management, developing assets management plans that also address the repairs and maintenance of assets, producing accurate accounting records, assisting in achieving auditing compliance and in producing auditing reports that are reliable and of quality, and supporting the training of officials to meet the required minimum competencies.

The Office of the Chief Procurement Officer aims to:

- Modernise the state procurement system to be fair, equitable, transparent, competitive and cost effective
- Enable the efficient, economic, effective and transparent utilisation of financial and other resources, including state assets, for improved service delivery
- Promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources

PART A: STRATEGIC OVERVIEW- Continued

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

This programme manages South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and those of Africa as a whole.

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

This programme provides for the processing and payment of pensions to members and their dependents in terms of various statutes, collective bargaining agreements and other commitments.

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE

This programme provides advisory services, programme management and development finance support to improve public finance management, support high-impact government initiatives, facilitate employment creation and strengthen infrastructure planning and delivery.

PROGRAMME 9: REVENUE ADMINISTRATION

This programme comprises transfers made to the South African Revenue Service to undertake core tax administration activities and maintain the information technology competencies that support these operations.

PROGRAMME 10: FINANCIAL INTELLIGENCE AND STATE SECURITY

This programme essentially comprises transfers made to the Financial Intelligence Centre to combat financial crimes, including money laundering and terror-financing activities.

1.5. VOTE 7: National Treasury Resource Plan

BUDGET SUMMARY¹

R million	2018/19					2019/20	2020/21
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	484.7	445.5	3.9	35.3	–	555.8	590.7
Economic Policy, Tax, Financial Regulation and Research	141.0	106.9	33.2	0.9	–	148.0	158.1
Public Finance and Budget Management	290.1	236.1	51.8	2.2	–	308.9	330.5
Asset and Liability Management	110.4	109.9	–	0.5	–	111.5	119.4
Financial Accounting and Supply Chain Management Systems	1 196.6	1 085.9	104.3	6.4	–	1 080.7	1 144.3
International Financial Relations	5 402.1	51.5	972.8	0.5	4 377.3	5 745.1	6 061.4
Civil and Military Pensions, Contributions to Funds and Other Benefits	5 163.8	68.9	5 094.9	–	–	5 574.5	5 881.2
Technical Support and Development Finance	2 798.8	407.8	2 391.1	–	–	2 987.8	3 726.9
Revenue Administration	9 007.2	–	9 007.2	–	–	9 130.3	9 630.9
Financial Intelligence and State Security	4 763.5	–	4 763.5	–	–	4 951.1	5 223.2
Subtotal	29 358.4	2 512.5	22 422.8	45.8	4 377.3	30 593.7	32 866.5

¹ Noting that tables can be amended subject to the finalisation of the 2018 estimates of national expenditure (ENE)

PART A: STRATEGIC OVERVIEW- Continued

BUDGET SUMMARY - CONTINUED

R million	2018/19					2019/20	2020/21
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
Direct charge against the National Revenue Fund							
Provincial equitable share	470 286.5	–	470 286.5	–	–	505 019.7	542 446.9
Debt-service costs	180 124.0	180 124.0	–	–	–	197 663.6	213 859.0
General fuel levy sharing with metropolitan municipalities	12 468.6	–	12 468.6	–	–	13 166.8	14 026.9
National Revenue Fund payments	135.1	–	–	–	135.1	–	–
Total expenditure estimates	692 372.5	182 636.5	505 177.8	45.8	4 512.3	746 443.7	803 199.3
Executive authority	Minister of Finance						
Accounting officer	Director General of the National Treasury						
Website address	www.treasury.gov.za						

The Estimates of National Expenditure (ENE) e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, personnel, entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, and expenditure information at the level of service delivery, where appropriate.

PART A: STRATEGIC OVERVIEW - Continued

EXPENDITURE ANALYSIS

Chapter 3 of the National Development Plan (NDP) details a vision for South Africa of building an inclusive economy that ensures social equality. This vision is expressed specifically in terms of outcome 4 (decent employment through inclusive growth), outcome 8 (sustainable human settlements and improved quality of household life) and outcome 12 (an efficient, effective and development oriented public service) of government's 2014-2019 medium term strategic framework. These outcomes are closely aligned to the work of National Treasury. The department's continuous focus, therefore, remains on directing government spending towards programmes that create jobs, improve and develop infrastructure, and eliminate poverty and inequality. To this end, National Treasury will continue to improve efficiencies and prioritise essential sectors and services such as social protection for vulnerable members of society.

The department's focus over the medium term will be on reviewing tax policy, managing future spending growth and fiscal risk, managing government's assets and liabilities, making government procurement more efficient, strengthening financial management in government, strengthening the regulation of the financial sector, promoting regional and international cooperation, supporting sustainable employment, and supporting the development of infrastructure and economically integrated cities and communities.

The department plans to transfer a total of R1.5 trillion over the medium term to provincial governments for the provincial equitable share. To address the gap in the funding of welfare services provided through non-profit organisations and in programmes aimed at preventing violence against women and children, Cabinet has approved increases of R201 million in 2018/19, R500 million in 2019/20 and R527.5 million in 2020/21 in the provincial equitable share. Cabinet has also approved reductions of R1.4 billion in 2018/19, R1.6 billion in 2019/20 and R1.7 billion in 2020/21 in the provincial equitable share for provincial departments' administration programmes and transfers to provincial entities.

National Treasury is also responsible for servicing government's debt and distributing the general fuel levy to metropolitan municipalities. The department will spend a projected R183.1 billion in 2018/19, R203.3 billion in 2019/20 and R223.4 billion in 2020/21 to service government's debt. Cabinet has approved an increase in funding of R2.4 billion in 2018/19, R6 billion in 2019/20 and R15.2 billion in 2020/21 to cater for higher debt-service costs. Expenditure on the distribution of the general fuel levy to metropolitan municipalities is projected at R12.5 billion in 2018/19, R13.2 billion in 2019/20 and R14 billion in 2020/21.

Cabinet has approved total reductions of R2.9 billion in 2018/19, R3.3 billion in 2019/20 and R3.4 billion in 2020/21 to the department's budget for purposes of fiscal consolidation. The department will adjust its operations mainly through optimising human resource efficiencies and enhancing the organisational structure to align with these budget reductions, without negatively impacting on performance.

REVIEWING TAX POLICY AND STRENGTHENING THE REGULATION OF THE FINANCIAL SECTOR

Over the medium term, the department aims to conclude proposals for tax policy amendments to meet government's revenue requirements and eliminate tax loopholes to improve fairness in the tax system. Recent amendments have included the introduction of the health promotion levy, which discourages the consumption of sugary beverages, with a proposed starting date of 1 April 2018, and publication of the draft Carbon Tax Bill for public comment and introduction in Parliament in 2018. The carbon tax aims to encourage investments in low carbon, energy efficient alternatives and reduce emissions of greenhouse gases. Spending on implementing these tax measures over the medium term is projected to be R30 million in 2018/19, R31 million in 2019/20 and R33.2 million in 2020/21 in the Tax Policy sub-programme in the Economic Policy, Tax, Financial Regulation and Research programme.

The department also plans to implement the Financial Sector Regulation Act that creates a new system of financial regulation by establishing a prudential authority and a financial sector conduct authority. The transition towards this new regulatory architecture

PART A: STRATEGIC OVERVIEW- Continued

involves closing down existing entities and managing shifts in legal responsibilities, and human and other resources. The Act aims to preserve and enhance South Africa's financial stability by conferring powers on the South African Reserve Bank and establishing a committee to oversee financial stability. The Act also provides for the protection of financial customers through the creation of a market conduct authority and ombud tasked with ensuring fair, effective and accessible platforms to resolve complaints. To streamline regulations applicable to financial institutions, the market conduct unit also plans to develop a new law for the proportionate regulation of the market conduct of all institutions in the financial sector. Spending on these activities is projected to be R24.9 million in 2018/19, R26.3 million in 2019/20 and R28.3 million in 2020/21 in the Financial Sector Policy sub-programme in the Economic Policy, Tax, Financial Regulation and Research programme.

MANAGING FUTURE SPENDING GROWTH AND FISCAL RISK

A combination of fiscal measures and economic interventions is required to grow the economy, address challenges facing public finances and reduce long term risks. In this regard, over the medium term, National Treasury will ensure that government departments adhere to spending limits, as considered during the national budget preparation process. Spending on related activities is projected to be R290.1 million in 2018/19, R308.9 million in 2019/20 and R330.5 million in 2020/21 in the Public Finance and Budget Management programme.

MANAGING GOVERNMENT'S ASSETS AND LIABILITIES

The department is responsible for overseeing state-owned enterprises and enabling them to meet government's policy objectives in a financially and fiscally sustainable manner. National Treasury compiles annual reviews of the corporate plans of all public entities listed in schedules 2 and 3B of the PFMA, as well as selected entities listed in schedule 3A of the Act. In addition to assessing these entities' alignment with government's priorities, their financial sustainability and their soundness of governance, the review aims to identify potential risks and mitigate their possible effects. Similarly, the performance of public entities is evaluated through a review of their annual reports. With the significant increase of contingent liabilities in government, over the medium term, the department will develop frameworks to reduce the number of government guarantees issued to public entities, especially for operational purposes, while improving the risk exposure from such guarantees.

Over the medium term, National Treasury will continue to finance government's gross borrowing requirements in domestic and international capital markets, taking into consideration a risk-sensitive approach to debt financing and the management of the debt portfolio. Prudent cash management will be maintained to ensure that government remains liquid. Spending on these activities is projected to be R110.4 million in 2018/19, R111.5 million in 2019/20 and R119.4 million in 2020/21 in the Asset and Liability Management programme.

MAKING GOVERNMENT PROCUREMENT MORE EFFICIENT

The Office of the Chief Procurement Officer (OCPO) is tasked with ensuring efficient procurement practices in government. Over the medium term, reforms in the procurement process are expected to ensure efficiencies and value for money, and minimise opportunities to abuse the supply chain management system. The office will continue to implement cost containment measures by applying strategic procurement principles, identifying opportunities for centrally arranged contracts, implementing preferential procurement as a lever to support black economic empowerment, small business development and industrial development, and strengthening measures to promote transparency and accountability.

In line with its function to ensure efficient procurement practices, the OCPO facilitates the arrangement of more than 70 transversal contracts across different commodity groups with an estimated value of R62 billion to derive benefits out of economies of scale and

PART A: STRATEGIC OVERVIEW - Continued

value for money. Transversal contracts are arranged where multiple departments have a need for the same or similar products and services and the focus of the OCPO has been structured into six main commodity groups namely Health and Medical Technology, Vehicles Equipment and Services, Textiles, Perishables and Consumables, Information Communication Technologies, Property and Leasing and Education.

Transversal contracts benefit departments by reducing the duplication of procurement processes and by assisting in the prevention of inconsistencies in product standards and quality, price differentials, wastage and leakages. Transversal contracts also generate savings for government through economies of scale. There are other important non-financial gains that will be achieved such as the broader multiple socio-economic objectives of government, e.g. broad based black economic empowerment, local procurement, small business empowerment, job creation, supplier development, etc. Savings have been realised from transversal contracts through the application of strategic sourcing to certain identified strategic contracts. Centralisation of transversal contracts will continue to provide leverage for cost savings in government spending as well as concentrated socio-economic empowerment interventions.

The Public Procurement Bill is intended to provide for consolidation of the fragmented procurement legislative environment to create a flexible, agile and expanded scope of service delivery, economic empowerment, transparency and good governance. The bill is scheduled to be gazetted for public comment in 2018/19.

Spending on activities related to government procurement processes is projected to be R191.2 million in 2018/19, R137.7 million in 2019/20 and R145.1 million in 2020/21 in the Programme Management for Financial Accounting and Supply Chain Management Systems sub-programme in the Financial Accounting and Supply Chain Management System programme.

STRENGTHENING GOVERNMENT FINANCIAL MANAGEMENT

The Integrated Financial Management System (IFMS) is designed to enhance the productivity and effectiveness of government departments by improving access to information, raising the quality of data, eliminating the duplication of systems and resources, and curtailing manual processes. Spending on activities related to the IFMS is projected to be R350.1 million in 2018/19, R243 million in 2019/20 and R256.4 million in 2020/21 in the Financial Systems sub-programme in the Financial Accounting and Supply Chain Management System programme. The higher projected spending in 2018/19 is due to a once-off payment on the project.

Through the Local Government Financial Management Grant, the department promotes and supports financial management reform and builds capacity in municipalities to improve the implementation of the MFMA. Funds disbursed through the grant assist in strengthening the capacity of municipal budgets, treasury offices, internal audit units and audit committees; the appointing of financial management interns and the provision of their training; investing in financial management systems; implementing reforms, including the development of financial recovery plans; implementing consequence management processes; and attending to matters arising from audit outcomes.

Municipalities use funds from the grant to prepare their annual financial statements towards the preparation of audit action plans, to upskill and provide capacity to their internal audit units and audit committees, and to acquire and update their financial management systems to comply with the municipal standard chart of accounts (mSCOA).

Over the medium term, funding from the grant is also expected to address current reforms in financial management, and new reforms for addressing shortcomings identified in the financial management capability maturity model.

The grant receives allocations of R504.6 million in 2018/19, R532.8 million in 2019/20 and R561.7 million in 2020/21 through the Local Government Financial Management Support sub-programme in the Technical Support and Development Finance programme.

PART A: STRATEGIC OVERVIEW- Continued

FACILITATING REGIONAL AND INTERNATIONAL COOPERATION

The New Development Bank was established in 2014 to strengthen cooperation among the Brazil-Russia-India-China-South Africa (BRICS) group of countries and complement the efforts of multilateral and regional financial institutions for global development. As part of the South African government's capital contribution to the bank, the department transferred R5.8 billion in two capital instalments in 2015/16 and 2016/17. A third transfer of R4.5 billion was made in 2017/18. A total of R14.3 billion has been allocated over the period ahead for transfers to the bank in the International Development Funding Institutions sub-programme in the International Financial Relations programme. US\$1.5 billion has been made available to South Africa for development finance over the next two years.

Compensation to member countries of the Common Monetary Area for the use of the Rand as currency in Namibia, Lesotho and Swaziland is projected to be R804.9 million in 2018/19, R849.9 million in 2019/20 and R896.7 million in 2020/21 in the African Integration and Support sub-programme in the International Financial Relations programme.

SUPPORTING SUSTAINABLE EMPLOYMENT

The Jobs Fund was introduced in 2011 with a total operating budget of R9 billion to create a targeted 150 000 permanent jobs by 2023. Through the fund, the department supports innovative, partnership-based approaches to sustainable job creation; and facilitates research into employment, income distribution and inclusive growth. As at 30 September 2017, 104 443 new permanent jobs had been created by implementing 113 projects, and an additional 57 746 unemployed individuals had been placed in permanent employment. In addition, 223 271 people have benefitted from work readiness and technical training interventions. Current estimates suggest that the fund will exceed the target of 150 000 new permanent jobs created by 2023 as 70 per cent of the target has already been met. R6.1 billion of the fund's total budget has been spent to date in a portfolio of 117 approved employment generating initiatives, and an additional R8.6 billion of matched funding has been committed from project partners.

Cabinet has approved a reduction of R570 million on transfers to the Jobs Fund between 2018/19 and 2020/21. The revised Jobs Fund figures are thus R230 million in 2018/19, R195 million in 2019/20 and R145 million in 2020/21. The department's spending on activities related to the creation of sustainable employment is projected to be R3.1 billion over the medium term in the Employment Creation Facilitation sub-programme in the Technical Support and Development Finance programme.

SUPPORTING INFRASTRUCTURE DEVELOPMENT AND ECONOMICALLY INTEGRATED CITIES AND COMMUNITIES

To promote the efficient use of urban spaces, the Integrated City Development Grant provides a financial incentive for metropolitan municipalities to integrate and use infrastructure investment in a more focused way. For this purpose, 25 strategic integration zones have been identified in South Africa's eight metropolitan municipalities, and detailed planning is under way to implement catalytic integrated development projects in these prioritised areas. The projects involve urban regeneration, integrated public transport networks and integrated mixed-use developments. Funding from the grant supplements cities' capital budgets and is used to leverage loan financing and other investments from the private sector. Total transfers to the grant over the medium term are expected to amount to R931 million in the Urban Development and Support sub-programme in the Technical Support and Development Finance programme.

The Infrastructure Delivery Improvement Programme (IDIP) supports provincial departments that deliver infrastructure, and aims to improve the delivery of public sector infrastructure through institutionalising best practice and building capacity. An estimated 300 officials will be trained on the programme's infrastructure delivery management system over the MTEF period. The programme has a projected allocation of R295.1 million over the medium term in the Infrastructure Development Support sub-programme in the Technical Support and Development Finance programme.

PART A: STRATEGIC OVERVIEW - Continued

The Neighbourhood Development Partnership Grant (NDPG) provides funding for neighbourhood development projects that aim to improve the quality of life for residents in targeted areas, generally townships. Capital funding is reserved for projects that contribute to spatial transformation. The grant assists metropolitan municipalities and secondary city municipalities in planning and developing inclusive and productive cities. Such projects use catalytic infrastructure (transport, water, sewerage and energy infrastructure; and community and government facilities) to attract third-party investment to township nodes in strategic integration zones. A two-stage approval process for capital funding - first for project planning then for implementation - has been developed and implemented since 2016/17 to access the grant. This funding process is intended to reduce the risk of contingent project liabilities that result in slow spending due to factors such as procurement delays. Over the medium term, the grant will support an estimated 18 urban hub precinct plans that will prioritise 60 catalytic infrastructure projects. Spending on the grant is projected to be R631.2 million in 2018/19, R652.2 million in 2019/20 and R687.6 million in 2020/21 in the Urban Development and Support sub-programme in the Technical Support and Development Finance programme.

The Infrastructure Skills Development Grant (ISDG) supports municipalities by recruiting and training unemployed graduates within the built environment to get them professionally registered with the relevant statutory councils. The grant currently funds the training of 502 graduates from various municipalities. Training is provided according to structured training plans as per the requirements of the statutory councils. Graduates undergo intensive practical work for a period of three to four years, depending on the requirements of the log books and experience reports that graduates must compile in order to meet the registration requirements of the various statutory councils. Currently, 201 graduates have completed the training, of which 168 have been permanently appointed. The ISDG was introduced in the 2011/12 financial year to expand and deepen the built environment skills pipeline in local government. Due to the overwhelming demand from municipalities, the grant has exceeded the annual target of 400 graduates. To support this, the grant is expected to disburse R141.5 million in 2018/19, R149.4 million in 2019/20 and R157.9 million in 2020/21 in the Infrastructure Development Support sub-programme in the Technical Support and Development Finance programme.

PART A: STRATEGIC OVERVIEW- Continued

EXPENDITURE TRENDS

Programme	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Revised Estimate	Average: Outcome /Annual Budget(%)	Average: Outcome /Adjusted Appropriation(%)
R million	2014/15			2015/16			2016/17			2017/18			2014/15 - 2017/18	2014/15 - 2017/18
Programme 1	343.1	372.4	362.5	366.7	363.6	375.6	412.7	467.4	436.3	414.3	439.1	439.3	105.0%	98.2%
Programme 2	138.9	134.4	124.3	133.9	135.4	131.3	146.1	150.2	151.2	139.6	164.0	163.9	102.2%	97.7%
Programme 3	262.8	259.9	245.3	257.0	266.1	262.6	287.0	294.5	281.8	286.1	303.0	303.1	100.0%	97.3%
Programme 4	3 342.1	3 343.4	3 089.4	3 116.9	3 264.9	3 264.3	107.2	113.1	110.1	102.4	10 100.3	10 100.3	248.4%	98.5%
Programme 5	761.6	770.0	731.5	751.4	807.1	774.5	849.9	1 216.8	1 209.9	1 087.9	1 079.1	868.5	103.9%	92.5%
Programme 6	1 179.8	1 199.7	1 198.7	1 247.4	3 254.9	3 546.1	5 039.1	4 978.0	4 955.8	5 836.8	5 831.4	5 789.3	116.4%	101.5%
Programme 7	3 717.8	3 717.8	3 730.9	3 962.9	3 962.9	3 967.7	4 173.2	4 462.6	4 400.2	4 835.0	4 835.0	4 835.0	101.5%	99.7%
Programme 8	3 712.2	3 099.8	2 893.3	3 143.9	2 774.6	2 472.2	2 634.7	2 612.7	2 478.4	2 873.3	2 558.5	2 558.5	84.1%	94.2%
Programme 9	9 440.3	9 440.3	9 440.3	9 434.4	9 334.4	9 334.4	10 009.2	9 363.7	9 363.7	10 218.2	10 168.2	10 168.2	98.0%	100.0%
Programme 10	4 366.3	4 366.3	4 366.3	4 542.8	4 562.1	4 562.1	4 812.5	4 812.5	4 812.5	5 005.6	5 005.6	5 005.6	100.1%	100.0%
Subtotal	27 265.0	26 703.9	26 182.5	26 957.3	28 726.1	28 690.8	28 471.4	28 471.4	28 199.8	30 799.2	40 484.3	40 231.8	108.6%	99.1%
Direct charge against the National Revenue Fund	485 012.5	484 907.8	486 435.9	519 893.8	525 742.6	526 636.1	569 787.4	570 833.0	570 197.1	615 856.8	616 714.0	616 587.0	100.4%	100.1%
Provincial equitable share	359 921.8	359 921.8	359 921.8	382 673.5	386 500.0	386 500.0	410 698.6	410 698.6	410 698.6	441 331.1	441 331.1	441 331.1	100.2%	100.0%
Debt-service costs	114 900.5	114 485.0	114 798.4	126 440.4	127 902.0	128 795.6	147 720.0	147 689.2	146 496.7	162 353.1	163 347.9	163 155.4	100.3%	100.0%
General fuel levy sharing with metropolitan municipalities	10 190.2	10 190.2	10 190.2	10 658.9	10 658.9	10 658.9	11 223.8	11 223.8	11 223.8	11 785.0	11 785.0	11 785.0	100.0%	100.0%
National Revenue Fund payments	–	310.9	1 525.5	121.0	681.7	681.7	145.0	1 221.4	1 778.0	387.6	250.0	315.5	658.0%	174.5%
Total	512 277.5	511 611.8	512 618.4	546 851.1	554 468.7	555 327.0	598 258.8	599 304.5	598 396.9	646 656.0	657 198.4	656 818.8	100.8%	100.0%
Change to 2017 Budget estimate											10 542.3			

PART A: STRATEGIC OVERVIEW - Continued

EXPENDITURE TRENDS - CONTINUED

Programme	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Revised Estimate	Average Outcome /Annual Budget(%)	Average Outcome /Adjusted Appropriation(%)
R million	2014/15			2015/16			2016/17			2017/18			2014/15 - 2017/18	
Economic classification														
Current payments	116 832.7	116 304.8	116 328.4	128 388.5	129 824.5	130 621.5	149 812.3	150 180.2	148 442.1	164 689.2	165 692.4	165 289.1	100.2%	99.8%
Compensation of employees	764.9	689.0	671.5	725.5	733.4	732.7	817.6	815.7	786.4	799.3	823.3	823.3	97.0%	98.4%
Goods and services	1 167.2	1 130.8	858.5	1 222.6	1 189.1	1 093.2	1 274.8	1 675.2	1 159.0	1 536.8	1 521.2	1 310.4	85.0%	80.1%
Interest and rent on land	114 900.5	114 485.0	114 798.4	126 440.4	127 902.0	128 795.6	147 720.0	147 689.2	146 496.7	162 353.1	163 347.9	163 155.4	100.3%	100.0%
Transfers and subsidies	391 863.0	391 336.9	391 368.2	414 954.5	418 329.0	418 144.3	444 111.4	443 844.7	443 713.1	476 694.5	476 362.8	476 498.0	100.1%	100.0%
Provinces and municipalities	371 511.7	371 511.7	371 510.9	394 767.6	398 594.2	398 570.7	423 409.0	423 409.0	423 376.8	454 714.4	454 714.4	454 714.4	100.2%	100.0%
Departmental agencies and accounts	14 011.1	14 127.7	14 115.1	15 420.4	15 042.1	14 816.6	15 741.5	15 096.0	15 074.1	16 281.0	15 951.0	15 951.0	—	—
Higher education institutions	5.8	5.8	—	—	—	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	828.3	777.2	790.5	854.1	777.9	831.3	838.0	925.5	907.6	917.5	913.3	1 048.5	104.1%	105.4%
Public corporations and private enterprises	1 844.5	1 252.2	1 274.5	11.4	11.4	11.4	12.0	12.0	12.0	12.6	10.6	10.6	69.6%	101.7%
Households	3 661.6	3 662.2	3 677.1	3 900.9	3 903.5	3 914.3	4 111.0	4 402.2	4 342.5	4 769.0	4 773.5	4 773.5	101.6%	99.8%

PART A: STRATEGIC OVERVIEW- Continued

EXPENDITURE TRENDS - CONTINUED

Programme	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Audited Outcome	Annual Budget	Adjusted Appropriation	Revised Estimate	Average: Outcome /Annual Budget(%)	Average: Outcome /Adjusted Appropriation(%)
R million	2014/15			2015/16			2016/17			2017/18			2014/15 - 2017/18	
Payments for capital assets	11.4	19.6	20.1	16.4	26.1	33.2	38.0	56.9	462.5	15.7	24.1	24.1	663.2%	426.1%
Buildings and other fixed structures	–	–	–	–	0.4	–	–	0.2	–	–	–	–	–	–
Machinery and equipment	11.4	19.6	20.1	16.4	25.7	33.2	37.9	56.7	46.4	15.7	19.4	19.4	146.4%	98.2%
Software and other intangible assets	–	–	–	–	–	–	0.0	0.0	416.1	–	4.7	4.7	1 402 746.7%	8 840.8%
Payments for financial assets	3 570.5	3 950.5	4 901.8	3 491.7	6 289.0	6 527.9	4 297.2	5 222.6	5 779.2	5 256.7	15 119.1	15 007.6	193.9%	105.3%
Total	512 277.5	511 611.8	512 618.4	546 851.1	554 468.7	555 327.0	598 258.8	599 304.5	598 396.9	646 656.0	657 198.4	656 818.8	100.8%	100.0%

Programmes

Programme	Revised estimate	Average growth rate (%)	Average expenditure/ total (%)	Medium term expenditure estimate	Average growth rate (%)	Average expenditure/ total (%)
R million	2017/18		2014/15 - 2017/18	2018/19	2019/20	2017/18 - 2020/21
Programme 1	439.3	5.7%	0.1%	484.7	555.8	590.7
Programme 2	163.9	6.9%	0.0%	141.0	148.0	158.1
Programme 3	303.1	5.3%	0.0%	290.1	308.9	330.5
Programme 4	10 100.3	44.6%	0.7%	110.4	111.5	119.4
Programme 5	868.5	4.1%	0.2%	1 196.6	1 080.7	1 144.3
Programme 6	5 789.3	69.0%	0.7%	5 402.1	5 745.1	6 061.4
Programme 7	4 835.0	9.2%	0.7%	5 163.8	5 574.5	5 881.2
Programme 8	2 558.5	-6.2%	0.4%	2 798.8	2 987.8	3 726.9
Programme 9	10 168.2	2.5%	1.6%	9 007.2	9 130.3	9 630.9
Programme 10	5 005.6	4.7%	0.8%	4 763.5	4 951.1	5 223.2
Subtotal	40 231.8	14.6%	5.3%	29 358.4	30 593.7	32 866.5
Direct charge against the National Revenue Fund	616 587.0	8.3%	94.7%	663 014.1	715 850.0	770 332.8
Provincial equitable share	441 331.1	7.0%	68.8%	470 286.5	505 019.7	542 446.9
Debt-service costs	163 155.4	12.5%	23.8%	180 124.0	197 663.6	213 859.0

EXPENDITURE ESTIMATES - CONTINUED

Programme	Revised estimate	Average growth rate (%)	Average expenditure/ total (%)	Medium term expenditure estimate	Average growth rate (%)	Average expenditure/ total (%)
R million	2017/18		2014/15 - 2017/18	2018/19	2019/20	2020/21
General fuel levy sharing with metropolitan municipalities	11 785.0	5.0%	1.9%	12 468.6	13 166.8	14 026.9
National Revenue Fund payments	315.5	0.5%	0.2%	135.1	–	–
Total	656 818.8	8.7%	100.0%	692 372.5 (4 665.1)	746 443.7 (4 160.5)	803 199.3 980.2
Change to 2017 Budget estimate						
Economic classification						
Current payments	165 289.1	12.4%	24.1%	182 636.5	200 195.2	216 547.3
Compensation of employees	823.3	6.1%	0.1%	807.8	869.3	934.5
Goods and services	1 310.4	5.0%	0.2%	1 704.7	1 662.3	1 753.7
Interest and rent on land	163 155.4	12.5%	23.8%	180 124.0	197 663.6	213 859.0
Transfers and subsidies	476 498.0	6.8%	74.5%	505 177.8	541 558.0	581 703.8
Provinces and municipalities	454 714.4	7.0%	70.9%	484 296.6	519 799.9	558 690.1
Departmental agencies and accounts	15 951.0	4.1%	2.6%	14 796.7	15 211.3	16 106.8
Foreign governments and international organisations	1 048.5	10.5%	0.2%	975.5	1 030.1	1 086.8
Public corporations and private enterprises	10.6	-79.6%	0.1%	13.3	14.1	14.8
Households	4 773.5	9.2%	0.7%	5 095.8	5 502.7	5 805.2
Payments for capital assets	24.1	7.2%	0.0%	45.8	32.5	34.6
Machinery and equipment	19.4	-0.4%	0.0%	34.6	18.0	18.7
Software and other intangible assets	4.7	–	0.0%	11.3	14.5	15.9
Payments for financial assets	15 007.6	56.0%	1.4%	4 512.3	4 657.9	4 913.7
Total	656 818.8	8.7%	100.0%	692 372.5	746 443.7	803 199.3

PERSONNEL INFORMATION

Vote personnel numbers and cost by salary level and programme ¹	
Programmes	
1. Administration	
2. Economic Policy, Tax, Financial Regulation and Research	
3. Public Finance and Budget Management	
4. Asset and Liability Management	
5. Financial Accounting and Supply Chain Management Systems	
6. International Financial Relations	
7. Civil and Military Pensions, Contributions to Funds and Other Benefits	
8. Technical Support and Development Finance	
9. Revenue Administration	
10. Financial Intelligence and State Security	

Number of posts estimated for 31 March 2018				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 (%)					
				2016/17			2017/18			2018/19					2019/20			2020/21	
				Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			Number	Cost	Unit cost	Number	Cost
National Treasury																			
Salary level	1 197	124	1 168	786.4	0.7	1 125	823.3	0.7	1 036	807.8	0.8	1 039	869.3	0.8	1 038	934.5	0.9	-2.6%	100.0%
1 – 6	79	23	80	15.1	0.2	75	15.4	0.2	74	16.3	0.2	76	18.2	0.2	76	19.8	0.3	0.4%	7.1%
7 – 10	468	78	477	214.0	0.4	448	216.7	0.5	417	217.0	0.5	414	231.7	0.6	408	246.0	0.6	-3.1%	39.8%
11 – 12	333	7	313	237.9	0.8	299	249.0	0.8	273	245.8	0.9	276	268.4	1.0	279	292.6	1.0	-2.3%	26.6%
13 – 16	315	16	296	315.8	1.1	301	338.3	1.1	270	324.6	1.2	271	346.6	1.3	273	371.4	1.4	-3.2%	26.3%
Other	2	–	2	3.6	1.8	2	3.9	1.9	2	4.1	2.1	2	4.4	2.2	2	4.7	2.4	–	0.2%
Programme	1 197	124	1 168	786.4	0.7	1 125	823.3	0.7	1 036	807.8	0.8	1 039	869.3	0.8	1 038	934.5	0.9	-2.6%	100.0%
Programme 1	363	75	359	195.4	0.5	339	207.4	0.6	309	201.9	0.7	312	219.4	0.7	311	235.6	0.8	-2.8%	30.0%
Programme 2	105	1	97	79.7	0.8	87	79.9	0.9	81	78.7	1.0	79	82.2	1.0	80	88.4	1.1	-2.8%	7.7%
Programme 3	278	1	272	201.9	0.7	277	218.9	0.8	241	204.1	0.8	240	219.1	0.9	241	235.7	1.0	-4.5%	23.6%
Programme 4	107	7	109	77.0	0.7	104	78.5	0.8	97	78.7	0.8	98	84.5	0.9	99	91.2	0.9	-1.6%	9.4%
Programme 5	304	39	294	200.5	0.7	283	208.2	0.7	268	208.2	0.8	268	223.8	0.8	265	240.4	0.9	-2.2%	25.6%
Programme 6	40	1	37	32.0	0.9	35	30.4	0.9	40	36.2	0.9	42	40.4	1.0	42	43.2	1.0	6.3%	3.8%

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

2. Rand million.



**ANNUAL PERFORMANCE PLAN
2018/19**

PART B:
PROGRAMME AND
SUB-PROGRAMME PLANS



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PART B: PROGRAMME AND SUB-PROGRAMME PLANS

2. PROGRAMME 1: ADMINISTRATION

2.1. Purpose

The programme ensures effective leadership, strategic management and administrative support to National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.

2.2. Strategic Objectives

STRATEGIC OBJECTIVE(S)	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 1.1 Provide integrated business solutions	To align support provided with the requirements of the department and its strategic and performance plans	Corporate Services
SO 1.2 Ensure good governance and sound control environment	To ensure good governance and a sound control environment for the department	Corporate Services
SO 1.3 Provide support for strategic and performance management across the organisation	To provide sound strategic direction and leadership to NT through facilitation of credible strategic plans, annual performance plans and reliable management of NT's performance	Office of the Director-General

2.3. Sub-Programme Overview

OFFICE OF THE MINISTER AND DEPUTY MINISTER

The Minister of Finance provides strategic direction and leadership to National Treasury. Additionally, and with the support of the Deputy Minister, the Minister of Finance is responsible for policy matters and departmental outcomes.

This sub-programme supports the Minister and Deputy Minister by providing executive and administrative services. The sub-programme is responsible for the development of systems and mechanisms that deal with parliamentary questions and replies, Cabinet matters, correspondence, submissions and memoranda.

OFFICE OF THE DIRECTOR-GENERAL

The Director-General supports the Minister of Finance in providing strategic direction and leadership to National Treasury. Additionally the Director-General is responsible for departmental outputs and implementation as well as all responsibilities conferred by being the department's accounting officer.

MANAGEMENT

This sub-programme primarily provides administrative services to and reports directly to the Director-General. It consists of the following support services:

Internal Audit (IA) contributes to the strengthening of National Treasury's accountability and enhancing public stewardship by evaluating and improving the adequacy and effectiveness of governance, risk management and control processes. The unit provides robust and practical strategic advice and recommendations founded on aligning the business with best practice. By acting as a frame of reference, the unit also supports the Office of the Accountant-General in providing guidance and support to internal audit functions in government.

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

Enterprise Risk Management improves organisational risk communication and knowledge sharing, developing a common risk language that ensures that a risk management culture is embedded in National Treasury. The unit supports evidence based decision-making by reducing uncertainty. This is realised by providing a holistic view of risk and the application of a robust risk management system. Fraud prevention is an integral part of the strategy, operations and administration function. The unit ensures that National Treasury has a strategic risk profile register that enables coordination and alignment of strategic initiatives across the department.

Strategic Planning, Monitoring and Evaluation is tasked with embedding planning into National Treasury including facilitating the department's short, medium and long term strategic planning processes and ensuring that plans are aligned to legislative mandates and broader government imperatives. The unit develops and administers systems and processes that entrench proper monitoring, evaluation and reporting on departmental performance delivery and facilitates the development and implementation of service delivery improvement.

Legal Services is responsible for providing a comprehensive legal advisory service to enable National Treasury to carry out its mandate effectively within the law.

Legislation Services provides legislative services which include managing the National Treasury's Legislative Programme, drafting or checking draft fiscal and intergovernmental and financial sector regulation legislation, and commenting on other legislation as well as advising on the interpretation of legislation.

Communication furthers National Treasury transparency imperatives by ensuring effective communication between National Treasury and all stakeholders.

CORPORATE SERVICES

The Corporate Services division delivers and oversees shared services in alignment with National Treasury's needs. It does this by proactively identifying requirements, monitoring and maintaining service levels and setting standards aligned with compliance and best practices, including reporting on delivery.

Human Resources (HR) Management ensures transactional and transformational HR support so that National Treasury can attract, develop and retain the skills needed to deliver on the department's mandate and objectives.

Financial Management administers compliance with all relevant financial statutes and regulations, the most important of which is the PFMA. In ensuring compliance, the unit strives to attain a balance between achieving service excellence and maintaining administrative controls.

Information and Communication Technology (ICT) improves National Treasury's operational efficiency, optimises costs, drives innovation and accelerates the delivery of services. The unit provides long term planning and day-to-day support in respect of ICT-enabled delivery using ICT services and systems.

Strategic Projects and Support is responsible for preserving National Treasury's institutional memory and tangible knowledge and providing management support to internal projects. Knowledge management deals with the conservation and pollination of organisational information created within and in partnership with National Treasury. Records management focuses on the preservation of tangible knowledge so that it can be accessed easily and be in compliance with the National Archives Act.

The Public Entities Oversight unit ensures that entities reporting to the Minister of Finance are compliant with relevant governance and reporting requirements and reports progress made in this regard to the Minister of Finance.

Facilities and Security Management ensures continuous stringent physical and information security and provides, maintains and services available facilities.

2.4. Strategic Plan Objective Annual and Medium Term Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strategic Objective 1.1: Provide integrated business solutions										
1.1 % increase in Year on Year MPAT total score	#	#	#	2%	1.5%	0.5%	0%	0%	0%	0%
Strategic Objective 1.2: Ensure good governance and sound control environment.										
1.2 Produce an Audited Annual Report	#	#	#	1	1	1	1	1	1	1
Strategic Objective 1.3: Provide support for strategic and performance management across the organisation										
1.3 Produce an APP	#	#	#	1	1	1	1	1	1	1

2.5. Programme Performance Indicators and Annual Targets¹

PERFORMANCE INDICATOR		AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
		2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Strategic Objective 1.1: Provide integrated business solutions									
1.1.1	Percentage completion of the business continuity strategy	N/A	N/A	90% of Phase 2	30% of Phase 3	70% of Phase 3	N/A	N/A	N/A
1.1.2	Percentage saved on the Rand value budgeted for paper usage, travel and strategic sourcing	#	#	#	1%	1%	2%	2%	2%
Strategic Objective 1.2: Ensure good governance and sound control environment.									
1.2.1	Percentage completion of the approved risk-based IA plan	N/A	N/A	100%	100%	100%	100%	100%	100%
1.2.2	Number of quarterly risk implementation assessment reports produced ²	#	#	#	4	4	4	4	4
1.2.3	Number of quarterly reports on monitored performance of entities reporting to MOF ²	N/A	N/A	40	4	4	4	4	4

2.6. Programme Performance Indicator Quarterly Targets for 2018/19

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 1.1: Provide integrated business solutions						
1.1.1	Percentage completion of the business continuity strategy	70% of Phase 3	25%	25%	10%	10%
1.1.2	Percentage saved on the Rand value budgeted for paper usage, travel and strategic sourcing	1%	N/A	N/A	N/A	1%
Strategic Objective 1.2: Ensure good governance and a sound control environment.						
1.2.1	Percentage completion of the approved risk-based IA plan	100%	100%	100%	100%	100%
1.2.2	Number of quarterly risk implementation assessment reports produced	4	1	1	1	1
1.2.3	Number of quarterly reports on monitored performance of entities reporting to MOF	4	1	1	1	1

2.7. Expenditure Trends and Estimates

Administration expenditure trends and estimates by sub-programme and economic classification												
Sub-programme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Average expenditure/total (%)	Medium term expenditure estimate			Average growth rate (%)	Average expenditure/total
R million	2014/15	2015/16	2016/17	2017/18	2017/18		2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	
Ministry	3.3	3.6	3.6	3.6	4.9		13.7%	4.1	4.4	4.7	-0.8%	0.9%
Departmental Management	47.5	47.1	50.5	50.5	65.1		11.1%	60.0	66.7	70.0	2.4%	12.7%
Corporate Services	107.3	116.5	154.9	154.9	127.5		5.9%	147.7	144.9	155.6	6.9%	27.8%
Enterprise Wide Risk Management	22.5	27.5	26.3	26.3	28.8		8.5%	30.7	32.7	34.8	6.6%	6.1%
Financial Administration	38.6	38.7	37.9	37.9	39.9		1.1%	40.2	85.2	90.5	31.3%	12.4%
Legal Services	16.6	18.7	22.9	22.9	20.5		7.4%	20.8	21.9	23.3	4.3%	4.2%
Internal Audit	17.1	20.7	21.8	21.8	23.9		11.8%	25.6	27.8	29.9	7.7%	5.2%
Communications	10.1	10.2	8.6	8.6	14.2		12.0%	11.4	12.1	12.5	-4.2%	2.4%
Office Accommodation	99.5	92.6	109.9	109.9	114.3		4.7%	144.2	159.9	169.2	14.0%	28.4%
Total	362.5	375.6	436.3	436.3	439.1		6.6%	484.7	555.8	590.7	10.4%	100.0%
Change to 2017 Budget estimate					24.8			28.5	(4.3)	(4.6)		
Economic classification												
Current payments	345.1	347.8	392.6	392.6	424.4		7.1%	445.5	529.5	563.3	9.9%	94.8%
Compensation of employees	166.4	182.4	195.4	195.4	207.2		7.6%	201.9	219.4	235.6	4.4%	41.7%
Goods and services	178.7	165.4	197.2	197.2	217.3		6.7%	243.6	310.1	327.6	14.7%	53.1%
of which:												
Computer services	24.9	18.6	34.9	34.9	32.0		8.8%	28.7	27.9	29.2	-3.0%	5.7%

2.7. Expenditure Trends and Estimates - continued

Administration expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average expenditure/total (%)	Medium term expenditure estimate			Average growth rate (%)	Average expenditure/total
	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
R million	8.9	7.0	4.5	8.3	-2.6%	1.8%	6.7	54.3	57.4	90.8%	6.1%
Consultants: Business and advisory services											
Consumables: Stationery, printing and office supplies	3.0	3.0	3.0	3.7	7.3%	0.8%	4.0	21.2	22.3	82.2%	2.5%
Operating leases	58.9	51.1	66.0	65.3	3.5%	15.0%	88.9	78.8	82.9	8.3%	15.3%
Property payments	21.4	23.1	25.3	27.7	9.1%	6.0%	28.2	36.4	38.4	11.4%	6.3%
Travel and subsistence	13.2	14.5	14.1	21.9	18.2%	3.9%	19.4	21.7	22.1	0.4%	4.1%
Transfers and subsidies	4.3	4.3	4.8	7.3	19.6%	1.3%	3.9	4.1	4.3	-16.0%	0.9%
Departmental agencies and accounts	2.3	1.9	2.1	2.1	-3.4%	0.5%	2.1	2.2	2.3	3.1%	0.4%
Households	2.0	2.4	2.7	5.2	38.5%	0.8%	1.9	1.9	2.1	-26.8%	0.5%
Payments for capital assets	13.1	23.4	38.9	7.3	-17.6%	5.1%	35.3	22.1	23.1	46.5%	4.2%
Machinery and equipment	13.1	23.4	38.9	7.0	-18.9%	5.1%	24.6	8.3	7.8	3.9%	2.3%
Software and other intangible assets	-	-	-	0.3	-	-	10.7	13.8	15.2	254.3%	1.9%
Payments for financial assets	0.1	0.1	0.1	-	-100.0%	-	-	-	-	-	-
Total	362.5	375.6	436.3	439.1	6.6%	100.0%	484.7	555.8	590.7	10.4%	100.0%

2.7. Expenditure Trends and Estimates - continued

Administration expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: expenditure/total (%)	Medium term expenditure estimate			Average growth rate (%)	Average: expenditure/total
R million	2014/15	2015/16	2016/17	2017/18		2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	
Proportion of total programme expenditure to vote expenditure	1.4%	1.3%	1.5%	1.1%	–	–	1.7%	1.8%	1.8%	–	–
Details of transfers and subsidies											
Households											
Social benefits											
Current	0.3	0.8	1.2	3.3	125.3%	0.3%	–	–	–	–100.0%	0.2%
Employee social benefits	0.3	0.8	1.2	3.3	125.3%	0.3%	–	–	–	–100.0%	0.2%
Households											
Other transfers to households											
Current	1.6	1.4	1.1	1.8	5.0%	0.4%	1.9	1.9	2.1	4.4%	0.4%
Bursaries for non-employees	1.6	1.4	1.1	1.8	5.0%	0.4%	1.9	1.9	2.1	4.4%	0.4%
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	2.3	1.9	2.1	2.1	–3.5%	0.5%	2.0	2.1	2.3	3.1%	0.4%
Finance and Accounting Services Sector Education and Training Authority	2.3	1.9	2.1	2.1	–3.5%	0.5%	2.0	2.1	2.3	3.1%	0.4%

2.8. Personnel Information

Number of posts estimated for 31 March 2018		Administration personnel numbers and cost by salary level ¹												Number					
Number of funded posts	Number of posts additional to the establishment	Number and cost ² of personnel posts filled / planned for on funded establishment												Average growth rate (%)	Average: salary level/ total (%)				
		Actual		Revised estimate			Medium term expenditure estimate												
		2016/17		2017/18			2018/19		2019/20		2020/21								
Administration		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Salary level	363	75	359	195.4	0.5	339	207.3	0.6	309	201.8	0.7	312	219.4	0.7	311	235.4	0.8	-2.8%	100.0%
1 – 6	61	22	65	11.5	0.2	56	10.6	0.2	55	11.2	0.2	55	12.1	0.2	54	12.7	0.2	-1.2%	17.3%
7 – 10	183	43	183	74.3	0.4	167	73.8	0.4	151	72.3	0.5	151	77.2	0.5	151	83.7	0.6	-3.3%	48.8%
11 – 12	66	4	61	52.7	0.9	63	60.1	1.0	54	55.8	1.0	56	62.0	1.1	57	67.9	1.2	-3.3%	18.1%
13 – 16	51	6	48	53.2	1.1	51	58.9	1.2	47	58.4	1.2	48	63.7	1.3	47	66.4	1.4	-2.7%	15.2%
Other	2	–	2	3.6	1.8	2	3.9	1.9	2	4.1	2.1	2	4.4	2.2	2	4.7	2.4	–	0.6%

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

2. Rand million.

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

3.1. Purpose

Provide specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, the financial sector, taxation and regulatory reform.

3.2. Strategic Objectives

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 2.1 Build economic research capacity in academic research institutions with the objective of promoting relevant research	Promoting economic research capacity in academic/research institutions through funding research relevant to the public interest. The research function provides information on topics relating to macroeconomic stability, poverty alleviation, retirement reform and financial sector development	Research
SO 2.2 Provide policy advice on the financial sector	Providing policy advice on the financial sector in relation to the regulatory framework and supporting legislation. The objective for policy is to make the financial sector safer and to treat customers more fairly and better, and to be more inclusive and have integrity. This includes implementing regulatory reforms related to the Twin Peaks system, savings and retirement reform, and improving market conduct practices in the industry to ensure that it provides more appropriate financial products	Financial Sector Policy
SO 2.3 Provide advice and input into tax policy, frameworks and legislation	Providing tax policy advice, tax revenue analysis, tax revenue forecasting and drafting the annual tax legislation as a part of the budget. The programme is responsible for developing a tax administrative system that ensures sustainable growth of the economy and improved environmental sustainability	Tax Policy
SO 2.4 Provide input into economic policy, related frameworks and strategies	Providing advice on macro and microeconomic policy, macroeconomic projections and modelling, monetary policy framework and economic sector strategies	Economic Policy

3.3. Sub-Programmes

PROGRAMME MANAGEMENT FOR ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH

This sub-programme provides overall programme management and policy advice to government relating to the promotion of economic growth, employment, and microeconomic and macroeconomic stability.

RESEARCH

This sub-programme promotes economic research institutions by funding economic research in the public interest, and dedicated economic research on behalf of National Treasury. This includes research into the promotion of macroeconomic stability, poverty alleviation, social security and retirement reform and financial sector policy development. Most funding is assigned for long term agreements with institutions and for *ad hoc* economic research related projects.

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

FINANCIAL SECTOR POLICY

This sub-programme is responsible for developing policy on the regulation of the financial sector in South Africa, on broadening access to financial services by all South Africans, and on improving the national savings rate through reforms to the legislative framework governing the savings industry, including work being undertaken towards the implementation of retirement reform proposals.

TAX POLICY

This sub-programme is responsible for preparing tax and revenue proposals for the annual national budget, and for drafting the necessary tax legislation to give effect to the proposals adopted. The unit also processes recommendations made by the Davis Tax Committee to the Minister of Finance and provides advice to the Minister on such recommendations. The unit promotes an effective, equitable and efficient tax policy framework and tax administrative system that ensures sustainable growth and delivery on government's mandate to address the needs of all South Africans. This includes providing tax proposals towards improved environmental sustainability, reduction of inequality, and raising of revenue.

ECONOMIC POLICY

This sub-programme provides macroeconomic and microeconomic policy analysis, economic forecasts that inform the budget and Medium Term Budget Policy Statement and scenario modeling. The sound policy advice on the economic environment assists in promoting economic policy coherence in relation to the objectives of growth and jobs, and helps to improve South Africa's macroeconomic and microeconomic framework as policy advice is mainly focused on creating decent employment through inclusive economic growth.

3.4. Strategic Plan Objective Annual and Medium Term Targets

PERFORMANCE INDICATOR		AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)				
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strategic Objective 2.1: Build economic research capacity in academic research institutions with the objective of promoting relevant research											
2.1	Number of research institutions participating in building economic research capacity	#	#	#	1	1	1	1	1	1	1
Strategic Objective 2.2: Provide policy advice on the financial sector											
2.2	Number of policy advices on the financial sector provided	#	#	#	1	1	1	1	1	1	1
Strategic Objective 2.3: Provide advice and input into tax policy, frameworks and legislation											
2.3	Number of policy advices into tax policy, frameworks and legislation provided	#	#	#	2	2	2	2	2	2	2
Strategic Objective 2.4: Provide input into economic policy, related frameworks and strategies											
2.4	Number of inputs into economic policy and frameworks provided	#	#	#	56	56	56	56	56	56	56

3.5. Programme Performance Indicators and Annual Targets 2018/19

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)			
	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	2020/21
Strategic Objective 2.1: Build economic research capacity in academic research institutions with the objective of promoting relevant research									
2.1.1	Number of papers published in association with academic research institutions ⁴	91	84	80	80	50	50	50	50
Strategic Objective 2.2: Provide policy advice on the financial sector									
2.2.1	Twin Peaks model legislation implemented ⁵	N/A	N/A	Progress was made but not completed. FSR Bill passed in National Assembly on 6 December 2016. NCOP deliberations held on 3 and 14 February 2017. Public hearings held on 28 March 2017 with NT response on 29 March 2017. Voting on the Bill is anticipated on 3 May 2017, after this reporting period.	Enactment and implementation of legislation to establish Twin Peaks regulatory system, including establishment of new regulatory authorities	Development of Twin Peaks Implementation Regulations as well as a comprehensive prudential and market conduct framework for new authorities	Development and implementation of comprehensive prudential and market conduct framework for new authorities	Development and implementation of comprehensive prudential and market conduct framework for new authorities	Development and implementation of market conduct and prudential frameworks for new authorities
2.2.2	Implement savings and retirement policies	N/A	N/A	2nd draft Default Regulations for Retirement funds released in December 2016	Achieve consensus on annuitisation	Implementation of annuitisation resolution	Monitoring of tax-free savings accounts take up	Development and implementation of governance directive for retirement funds	Consolidation of retirement funds

3.5. Programme Performance Indicators and Annual Targets 2018/19 - continued

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)			
	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	2020/21
Strategic Objective 2.3: Provide advice and input into tax policy, frameworks and legislation									
2.3.1	Publish tax proposals in annual Budget Review	N/A	N/A	Tax proposals presented to the Minister in December 2016	Publish tax and revenue proposals on 2017 Budget	Publish tax and revenue proposals on 2018 Budget.	Publish tax and revenue proposals on 2019 Budget.	Publish tax and revenue proposals on 2020 Budget	Publish tax and revenue proposals on 2021 Budget
			Update revenue estimates for 2016 MTBPS	Update revenue estimates for 2017 Medium Term Budget Policy Statement (MTBPS)	Update revenue estimates for 2018 Medium Term Budget Policy Statement (MTBPS)	Update revenue estimates for 2019 Medium Term Budget Policy Statement (MTBPS)	Update revenue estimates for 2020 Medium Term Budget Policy Statement (MTBPS)	Update revenue estimates for 2021 Medium Term Budget Policy Statement (MTBPS)	Update revenue estimates for 2022 Medium Term Budget Policy Statement (MTBPS)
2.3.2	Implement legislation to give effect to tax proposals from the Budget	N/A	N/A	Tax Laws promulgated by the President of the Republic of South Africa in December 2016	Prepare, publish and table tax legislation in Parliament	Prepare, publish and table tax legislation in Parliament	Prepare, publish and table tax legislation in Parliament	Prepare, publish and table tax legislation in Parliament	Prepare, publish and table tax legislation in Parliament
Strategic Objective 2.4: Provide input into economic policy, related frameworks and strategies									
2.4.1	Number of economic models maintained ⁶	N/A	N/A	25	25	20	20	20	20
2.4.2	Number of economic forecasts developed	N/A	N/A	6	4	4	4	4	4
2.4.3	Chapter 2 of the MTBPS and Budget Review published ⁷	N/A	N/A	2	2	2 documents published	2 documents published	2 documents published	2 documents published
2.4.4	Percentage response to user requests to develop new economic models	#	#	#	100%	100%	100%	100%	100%

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued**3.5. Programme Performance Indicators and Annual Targets 2018/19 - continued**

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE				ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17	2017/18			2019/20	2020/21	2021/22
2.4.5 Percentage response to users' requests for economic research and policy analysis, and assessments of government policy proposals	#	#	#	100%	100%	100%	100%	100%	100%
2.4.6 Percentage response to user requests for policy and scenario modelling	#	#	#	100%	100%	100%	100%	100%	100%
2.4.7 Percentage response to user requests for commentaries on economic data	#	#	#	100%	100%	100%	100%	100%	100%

3.6. Programme Performance Indicator Quarterly Targets for 2018/19

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 2.1: Build economic research capacity in academic research institutions with the objective of promoting relevant research						
2.1.1	Number of papers published in association with academic research institutions	50	N/A	N/A	N/A	50
Strategic Objective 2.2: Provide policy advice on the financial sector						
2.2.1	Twin Peaks model legislation implemented	Development of Twin Peaks Implementation Regulations as well as a comprehensive prudential and market conduct framework for new authorities	Draft Twin Peaks Implementation Regulations produced	Twin Peaks implementation Regulations published	Establish FSCA	N/A
			Draft a comprehensive prudential and market conduct framework for new authorities	Publish drafted bills	Consultations on the draft Bills conducted	Support COFI Bill through Parliamentary engagement process
2.2.2	Implement savings and retirement policies	Implementation of annuitisation resolution	N/A	Draft legislation on annuitisation resolution produced	N/A	Implementation of the NEDLAC consensus on annuitisation
		Implementation of default regulations for retirement fund	Standards and guidelines for default regulations for retirement funds with regulator developed	N/A	N/A	Implementation of default regulations for retirement funds
		N/A	N/A	N/A	N/A	Produce a report on the take-up of tax free savings accounts
Strategic Objective 2.3: Provide advice and input into tax policy, frameworks and legislation						
2.3.1	Publish tax proposals in annual budget review	Publish tax and revenue proposals on 2018 Budget Update revenue estimates for 2018 Medium Term Budget Policy Statement (MTBPS)	N/A	Publish revenue forecasts in MTBPS	N/A	Publish tax proposals in 2018 Budget

3.6. Programme Performance Indicator Quarterly Targets for 2018/19 - continued

PERFORMANCE INDICATOR	2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
2.3.2	Implement legislation to give effect to tax proposals from the Budget ⁸	Prepare draft tax legislation	Publish draft tax legislation for public comment	Table Tax Bills in Parliament for approval by President and signature by President	Publish Tax legislation in the Government Gazette upon assent by the President
Strategic Objective 2.4: Provide input into economic policy, related frameworks and strategies					
2.4.1	Number of economic models maintained	5	5	5	5
2.4.2	Number of economic forecasts developed	1	1	1	1
2.4.3	Chapter 2 of the MTBPS and Budget Review published	N/A	N/A	1 document	1 document
2.4.4	Percentage response to user requests to develop new economic models	100%	100%	100%	100%
2.4.5	Percentage response to users requests for economic research and policy analysis, and assessments of government policy proposals	100%	100%	100%	100%
2.4.6	Percentage response to user requests for policy and scenario modeling	100%	100%	100%	100%
2.4.7	Percentage response to user requests for commentaries on economic data	100%	100%	100%	100%

3.7. Expenditure Trends and Estimates

Economic Policy, Tax, Financial Regulation and Research expenditure trends and estimates by sub-programme and economic classification										
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: expenditure/total (%)	Medium term expenditure estimate			Average: expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	
Programme Management for Economic Policy, Tax, Financial Regulation and Research	20.7	21.2	45.0	46.0	30.6%	23.3%	39.2	41.4	43.9	-1.6%
Research	11.5	11.0	7.3	15.0	9.2%	7.8%	-	-	-	-100.0%
Financial Sector Policy	28.0	27.6	24.3	27.2	-0.9%	18.8%	24.9	26.3	28.3	1.3%
Tax Policy	21.6	27.6	30.3	30.3	12.0%	19.2%	30.0	31.0	33.2	3.1%
Economic Policy	25.7	26.5	27.5	26.2	0.6%	18.6%	27.0	28.4	30.6	5.3%
Cooperative Banks Development Agency	16.8	17.3	16.9	19.3	4.6%	12.3%	19.9	21.0	22.2	4.7%
Total	124.3	131.3	151.2	164.0	9.7%	100.0%	141.0	148.0	158.1	-1.2%
Change to 2017 Budget estimate				24.3			(1.5)	(1.4)	(1.2)	
Economic classification										
Current payments	96.3	102.2	121.3	132.8	11.3%	79.3%	106.9	112.1	120.2	-3.3%
Compensation of employees	70.8	78.2	79.7	79.9	4.1%	54.1%	78.7	82.2	88.4	3.4%
Goods and services	25.5	24.0	41.7	52.9	27.5%	25.2%	28.2	29.9	31.8	-15.6%
of which:										
Communication	0.3	0.4	0.3	0.3	4.0%	0.2%	0.4	0.4	0.5	11.7%
Consultants: Business and advisory services	11.8	11.5	28.2	37.7	47.1%	15.6%	13.7	14.7	15.5	-25.6%
Consumables: Stationery, printing and office supplies	1.0	0.5	1.4	3.2	44.4%	1.1%	1.2	1.2	1.3	-25.7%
Travel and subsistence	5.4	5.1	6.6	5.6	1.7%	4.0%	6.2	6.5	6.8	6.6%
Training and development	0.7	0.3	0.5	0.6	-4.7%	0.4%	0.7	0.8	0.9	14.2%
Operating payments	4.0	4.5	3.3	3.3	-6.1%	2.7%	4.4	4.6	5.0	14.0%
Transfers and subsidies	27.7	28.8	29.2	30.2	3.0%	20.3%	33.2	35.1	37.0	7.0%
										22.2%

3.7. Expenditure Trends and Estimates - continued

Economic Policy, Tax, Financial Regulation and Research expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: expenditure/total (%)	2018/19	2019/20	Medium term expenditure estimate	Average growth rate (%)	Average: expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2017/18 - 2020/21
Departmental agencies and accounts	16.8	17.3	16.9	19.3	4.6%	12.3%	19.9	21.0	22.2	4.7%	13.5%
Public corporations and private enterprises	10.8	11.4	12.0	10.6	-0.6%	7.8%	13.3	14.1	14.8	11.9%	8.6%
Households	0.0	0.1	0.3	0.3	110.2%	0.1%	-	-	-	-100.0%	0.1%
Payments for capital assets	0.4	0.3	0.7	1.0	37.2%	0.4%	0.9	0.9	0.9	-3.4%	0.6%
Machinery and equipment	0.4	0.3	0.7	1.0	37.2%	0.4%	0.9	0.9	0.9	-3.4%	0.6%
Payments for financial assets	0.0	0.0	0.0	-	-100.0%	-	-	-	-	-	-
Total	124.3	131.3	151.2	164.0	9.7%	100.0%	141.0	148.0	158.1	-1.2%	100.0%
Proportion of total programme expenditure to vote expenditure	0.5%	0.5%	0.5%	0.4%	-	-	0.5%	0.5%	0.5%	-	-
Details of transfers and subsidies											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	16.8	17.3	16.9	19.3	4.6%	12.3%	19.9	21.0	22.2	4.7%	13.5%
Cooperative Banks Development Agency	16.8	17.3	16.9	19.3	4.6%	12.3%	19.9	21.0	22.2	4.7%	13.5%
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	10.8	11.4	12.0	10.6	-0.6%	7.8%	13.3	14.1	14.8	11.9%	8.6%
Economic Research Southern Africa	10.8	11.4	12.0	10.6	-0.6%	7.8%	13.3	14.1	14.8	11.9%	8.6%

3.8. Personnel Information

Number of posts estimated for 31 March 2018		Economic Policy, Tax, Financial Regulation and Research personnel numbers and cost by salary level ¹													Number				
		Number and cost ² of personnel posts filled/planned for on funded establishment																	
Number of funded posts	Number of posts of additional to the establishment	Actual		Revised estimate			Medium term expenditure estimate						Average growth rate (%)	Average: salary level/total (%)					
		2016/17	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21												
Economic Policy, Tax, Financial Regulation and Research		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Unit cost					
Salary level	105	1	97	79.7	0.8	87	79.9	0.9	81	78.7	1.0	79	82.2	1.0	80	88.4	1.1	-2.8%	100.0%
1 – 6	1	–	1	0.3	0.3	2	0.6	0.3	3	1.0	0.3	4	1.4	0.3	5	1.9	0.4	35.7%	4.3%
7 – 10	25	–	27	14.2	0.5	22	12.6	0.6	22	13.6	0.6	22	14.7	0.7	22	15.9	0.7	–	26.9%
11 – 12	29	–	29	21.8	0.8	19	15.4	0.8	17	15.0	0.9	14	13.5	1.0	13	13.1	1.0	-11.9%	19.3%
13 – 16	50	1	40	43.4	1.1	44	51.3	1.2	39	49.2	1.3	39	52.6	1.3	40	57.6	1.4	-3.1%	49.5%

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

2. Rand million.

4. PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

4.1. Purpose

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.

4.2. Strategic Objectives

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 3.1 Developing and implementing South Africa's fiscal policy and related frameworks	Contribute to the South African economy by developing, ensuring Cabinet authorisation of and implementing South Africa's fiscal policy and related frameworks	Public Finance and Budget Office
SO 3.2 Preparation of the national budget	Prepare a national budget that supports government's long-term policy and strategic priorities, within a fiscal framework that will ensure sound and sustainable financial policies and the effective, efficient and appropriate allocation of public funds	
SO 3.3 Publication of the national budget	Publish the Budget Review, Estimates of National Expenditure and MTBPS and appropriation legislation, containing relevant, accurate and clear financial information and selected indicators of service delivery and performance	
SO 3.4 Monitoring and analysis of public expenditure and service delivery	Support improved monitoring and analysis of public expenditure and service delivery, and the appropriate use of public and private financial resources for social and economic development and infrastructure investment	
SO 3.5 Coordinating international development cooperation	Effectively manage and coordinate official development assistance (ODA), which includes grants, concessionary loans and technical assistance	The Budget Office in collaboration with Public Finance, Asset and Liability Management (ALM), International and Regional Economic Policy (IREP)
SO 3.6 Coordinating intergovernmental relations	Effectively coordinate fiscal relations between the three spheres of government and promote sound financial planning, reporting and management	Intergovernmental Relations

4.3. Sub-Programmes

PUBLIC FINANCE AND BUDGET MANAGEMENT

Three divisions within National Treasury are jointly responsible for fulfilling the functions of this programme. They are the Budget Office, Public Finance and Intergovernmental Relations.

BUDGET OFFICE

The Budget Office is responsible for providing fiscal policy advice by monitoring economic and fiscal trends and advising on policy options and the budget framework. The Budget Office coordinates the national budgeting process which includes coordinating resource allocation to meet priorities set by government. The Budget Office oversees expenditure planning, leads the budget reform programme, coordinates international development cooperation, provides advice on public service remuneration and pension arrangements and compiles public finance statistics.

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

PUBLIC FINANCE

Public Finance provides financial and budgetary analysis, advises on policy and service delivery trends, and manages National Treasury's relations with other national departments as well as its own analytical work. The division monitors the use of scarce public resources by national spending agencies, engaging where necessary with accounting officers and other officials to promote efficient and effective use of these resources. Based on engagements with departments, the Public Finance team provides recommendations annually to the Medium Term Expenditure Committee (MTEC).

INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations coordinates fiscal relations between national, provincial and local government, promotes sound provincial and municipal budgetary planning, monitors implementation through periodic reporting and assists in building capacity that enables efficient and effective financial management practices. The division monitors the use of scarce public resources by provincial and local government, regularly engaging with a range of stakeholders to promote efficient and effective use of these resources. It also provides technical assistance to government departments to promote improved planning and management of infrastructure delivery.

4.4. Strategic Plan Objective Annual and Medium Term Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE		PLANNED PERFORMANCE CURRENT YEAR		MEDIUM TERM TARGETS (MTEF)			
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strategic Objective 3.1: Developing and implementing South Africa's fiscal policy and related frameworks										
3.1 South Africa's fiscal policy and related frameworks authorised	#	#	#	Cabinet authorisation	Cabinet authorisation	Cabinet authorisation	Cabinet authorisation	Cabinet authorisation	Cabinet authorisation	Cabinet authorisation
Strategic Objective 3.2: Preparation of the national budget										
3.2 Number of budgets produced	#	#	#	1	1	1	1	1	1	1
Strategic Objective 3.3: Publication of the national budget										
3.3 Number of national budgets published	#	#	#	1	1	1	1	1	1	1
Strategic Objective 3.4: Monitoring and analysis of public expenditure and service delivery										
3.4 Number of annual expenditure reports submitted to the Standing Committee on Appropriations	#	#	#	160	4	4	4	4	4	4
Strategic Objective 3.5: Coordinating international development cooperation										
3.5 Percentage of ODA programmes coordinated	#	#	#	100%	100%	100%	100%	100%	100%	100%
Strategic Objective 3.6: Coordination of intergovernmental relations										
3.6 Number of legislatively required Budget Council and Forum meetings held ⁹	#	#	#	3	3	3	3	3	3	3

4.5. Programme Performance Indicators and Annual Targets

PERFORMANCE INDICATOR		AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Strategic Objective 3.1: Developing and implementing South Africa's fiscal policy and related frameworks									
3.1.1	Maintain the expenditure ceiling ¹⁰	N/A	N/A	0	= 0 or less than 0 for each year	Less than or equal to expenditure ceiling announced in main budget	Less than or equal to expenditure ceiling announced in main budget	Less than or equal to expenditure ceiling announced in main budget	Less than or equal to expenditure ceiling announced in main budget
3.1.2	Number of fiscal frameworks provided	N/A	N/A	2	2	2	2	2	2
Strategic Objective 3.2: Preparation of the national budget									
3.2.1	Number of budget guidelines issued ¹¹	N/A	N/A	1 set of MTEF guidelines issued by July	1 set of MTEF guidelines issued by July 1 programme scheduling MTEC meeting drafted by July 1 AENE guideline issued in August	1 set of MTEF guidelines issued by July 1 AENE guideline issued in August 1 ENE guideline issued in October	1 set of MTEF guidelines issued by July 1 AENE guideline issued in August	1 set of MTEF guidelines issued by July 1 AENE guideline issued in August	1 set of MTEF guidelines issued by July 1 AENE guideline issued in August 1 ENE guideline issued in October

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued**4.5. Programme Performance Indicators and Annual Targets - continued**

PERFORMANCE INDICATOR		AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
3.2.2	Obtain budget expenditure allocation decisions from the executive <small>12 13</small>	N/A	N/A	Adjustments Appropriation Bill, 2016 tabled in Parliament on 26 October 2016 2016 Adjusted Estimates of National Expenditure tabled in Parliament on 26 October 2016 2016 Medium Term Budget Policy Statement tabled in Parliament on 26 October 2016 Appropriation Bill, 2017 tabled in Parliament on 22 February 2017 2017 Estimates of National Expenditure tabled in Parliament on 22 February 2017 2017 budget review tabled in Parliament on 22 February 2017	Various funding recommendations to the MTEC, the Ministers' Committee on the Budget (MINCOMBUD) and Cabinet within budget calendar timelines 1 Cabinet endorsement of national government expenditure allocations by end of calendar year	1 Cabinet endorsement of national government expenditure allocations by end of calendar year	1 Cabinet endorsement of national government expenditure allocations by end of calendar year	1 Cabinet endorsement of national government expenditure allocations by end of calendar year	1 Cabinet endorsement of national government expenditure allocations by end of calendar year

4.5. Programme Performance Indicators and Annual Targets - continued

PERFORMANCE INDICATOR		AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Strategic Objective 3.3:Publication of the national budget									
3.3.1	Budget legislation and accompanying documentation tabled in Parliament and published	#	The ENE and AENE were compiled and tabled in line with the parliamentary Programme	3 budget documents tabled in February 3 budget documents tabled in October	Appropriation Bill, ENE and Budget Review tabled in February Adjustments Appropriation Bill, AENE and MTBPS tabled in October	Appropriation Bill, ENE and Budget Review tabled in February Adjustments Appropriation Bill, AENE and MTBPS tabled in October	Appropriation Bill, ENE and Budget Review tabled in February	Appropriation Bill, ENE and Budget Review tabled in February	Appropriation Bill, ENE and Budget Review tabled in February
3.3.2	Number of reports produced on public finance statistics according to function and economic classification	N/A	N/A	4	4	4	4	4	4
3.3.3	Number of reports produced on guidance given to departments and entities on the classification of expenditure	N/A	N/A	4	4	4	4	4	4

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued**4.5. Programme Performance Indicators and Annual Targets - continued**

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Strategic objective 3.4: Monitoring and analysis of public expenditure and service delivery								
3.4.1 Percentage responses to departmental requests for PFMA and TR approvals, sectoral analysis and policy advice ¹⁴	N/A	N/A	98.9%	100%	100%	100%	100%	100%
3.4.2 Percentage comments to Cabinet memos	#	#	#	#	100%	100%	100%	100%
3.4.3 Number of IYM feedback reports to departments ¹⁵	N/A	N/A	277	540	540	540	540	540
3.4.4 Number of quarterly expenditure reports submitted to the Standing Committee on Appropriations ¹⁶	N/A	N/A	160	160	4	4	4	4
3.4.5 Number of reports produced on review and implementation of the COLA costing model	N/A	N/A	3	4	4	4	4	4

4.5. Programme Performance Indicators and Annual Targets - continued

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE				ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEP)			
	2014/15	2015/16	2016/17	2017/18			2019/20	2020/21	2021/22	
3.4.6	N/A	N/A	100%	100%		100%	100%	100%	100%	
3.4.7	#	#	#	#		#	100%	100%	100%	
Strategic Objective 3.5: Coordinating international development cooperation										
3.5.1	N/A	N/A	100%	100%		100%	100%	100%	100%	
3.5.2	N/A	N/A	100%	100%		100%	100%	100%	100%	
Strategic Objective 3.6: Coordinating intergovernmental relations										
3.6.1	N/A	N/A	3	2		2	2	2	2	

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued**4.5. Programme Performance Indicators and Annual Targets - continued**

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17			2019/20	2020/21	2021/22
3.6.2 Number of reforms introduced to enhance provincial and local government fiscal frameworks	N/A	N/A	4	2	2	2	2	2
3.6.3 Number of plans assessed to support improvements in infrastructure planning and implementation in provinces ¹⁷	N/A	N/A	18	36	36	36	36	36
3.6.4 Number of built environment performance plans assessed to support improvement in the metropolitan municipalities ¹⁸	N/A	N/A	8	8	8	8	8	8
3.6.5 Number of capacity building initiatives to facilitate improved planning, budgeting and financial management ^{19/20}	N/A	N/A	33	59	50	50	50	50
3.6.6 Number of quarterly financial reports published ²¹	N/A	N/A	4	4	8	8	8	8

4.5. Programme Performance Indicators and Annual Targets - continued

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEP)		
	2014/15	2015/16	2016/17			2019/20	2020/21	2021/22
3.6.7 Number of provincial and municipal budgeting benchmarking exercises held to improve provincial and municipal budget credibility, composition and achievability	N/A	N/A	18	35	35	35	35	35
3.6.8 Number of annual municipal routine reports published ^{22,23}	#	#	#	10	6	6	6	6
3.6.9 Number of support initiatives implemented in provinces	#	#	#	13	13	13	13	13
3.6.10 Number of municipal budgeting and reporting reforms implemented ²⁴	#	#	#	3	3	3	2	2
3.6.11 Number of provincial and municipal mid-year budget and expenditure performance assessment reports produced	#	#	#	26	26	26	26	26

4.6. Programme Performance Indicator Quarterly Targets for 2018/19

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 3.1: Developing and implementing South Africa's fiscal policy and related frameworks						
3.1.1	Maintain the expenditure ceiling	Less than or equal to expenditure ceiling announced in main budget.	N/A	N/A	Less than or equal to expenditure ceiling announced in main budget.	Less than or equal to expenditure ceiling announced in main budget.
3.1.2	Number of fiscal frameworks provided	2	N/A	N/A	1	1
Strategic Objective 3.2: Preparation of the national budget						
3.2.1	Number of budget guidelines issued	1 set of MTEF guidelines issued by July. 1 AENE guideline issued in August 1 ENE guideline issued in October	N/A	1 set of MTEF guidelines issued by July 1 AENE guideline issued in August	1 ENE guideline issued in October	N/A
3.2.2	Obtain budget expenditure allocation decisions from the executive	1 Cabinet endorsement of national government expenditure allocations by end of calendar year	N/A	N/A	1 Cabinet endorsement of national government expenditure allocations by end of calendar year	N/A

4.6. Programme Performance Indicator Quarterly Targets for 2018/19 - continued

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 3.3: Publication of the national budget						
3.3.1	Budget legislation and accompanying documentation tabled in Parliament and published	Appropriation Bill, ENE and Budget Review tabled in February Adjustments Appropriation Bill, AENE and MTBPS tabled in October	N/A	N/A	Adjustments Appropriation Bill, AENE and MTBPS tabled in October	Appropriation Bill, ENE and Budget Review tabled in February.
3.3.2	Number of reports produced on public finance statistics according to function and economic classification	4	1	1	1	1
3.3.3	Number of reports produced on guidance given to departments and entities on the classification of expenditure	4	1	1	1	1
Strategic Objective 3.4: Monitoring and analysis of public expenditure and service delivery						
3.4.1	Percentage responses to departmental requests for PFMA and TR approvals, sectoral analysis and policy advice	100%	100%	100%	100%	100%
3.4.2	Percentage comments to Cabinet memos	100%	100%	100%	100%	100%
3.4.3	Number of IYM feedback reports to departments	540	135	135	135	135
3.4.4	Number of quarterly expenditure reports submitted to the Standing Committee on Appropriations	4	1	1	1	1
3.4.5	Number of reports produced on review and implementation of the COLA costing model	4	1	1	1	1
3.4.6	Percentage response to requests for support on governance and financial management monitoring and compliance system in public entities provided	100%	100%	100%	100%	100%
3.4.7	Percentage of Budget Facility on Infrastructure (BFI) projects evaluated	100%	100%	100%	100%	100%
Strategic Objective 3.5: Coordinating international development cooperation						
3.5.1	Percentage alignment of development cooperation to government policy and priorities	100%	100%	100%	100%	100%
3.5.2	Percentage management and coordination of development cooperation in South Africa	100%	100%	100%	100%	100%

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued**4.6. Programme Performance Indicator Quarterly Targets for 2018/19 - continued**

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 3.6: Coordinating intergovernmental relations						
3.6.1	Number of Division of Revenue and Division of Revenue Amendment Bills published annually	2	N/A	N/A	1	1
3.6.2	Number of reforms introduced to enhance provincial and local government fiscal frameworks	2	N/A	N/A	N/A	2
3.6.3	Number of plans assessed to support improvements in infrastructure planning and implementation in provinces	36	N/A	N/A	36	N/A
3.6.4	Number of built environment performance plans assessed to support improvement in the metropolitan municipalities	8	8	N/A	N/A	N/A
3.6.5	Number of capacity building initiatives to facilitate improved planning, budgeting and financial management	50	20	9	9	12
3.6.6	Number of quarterly financial reports published	8	2	2	2	2
3.6.7	Number of provincial and municipal budgeting benchmarking exercises held to improve provincial and municipal budget credibility, composition and achievability	35	17	0	9	9
3.6.8	Number of annual municipal routine reports published	6	1	0	4	1
3.6.9	Number of support initiatives implemented in provinces	13	N/A	N/A	4	9
3.6.10	Number of municipal budgeting and reporting reforms implemented	3	N/A	N/A	N/A	3
3.6.11	Number of provincial and municipal mid-year budget and expenditure performance assessment reports produced	26	0	9	0	17

4.7. Expenditure Trends and Estimates

Public Finance and Budget Management expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average expenditure/Total (%)	Medium term expenditure estimate			Average growth rate (%)	Average expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2017/18 - 2020/21
Programme Management for Public Finance and Budget Management	206	17.9	21.4	24.1	5.3%	7.7%	26.6	27.9	29.9	7.4%	8.8%
Public Finance	52.3	59.2	56.6	63.2	6.5%	21.2%	57.6	61.4	65.7	1.3%	20.1%
Budget Office and Coordination	53.2	55.4	57.0	59.6	3.9%	20.6%	59.0	63.3	68.1	4.5%	20.3%
Intergovernmental Relations	73.8	89.0	102.0	105.5	12.6%	33.9%	95.0	101.7	109.2	1.2%	33.4%
Financial and Fiscal Commission	45.3	41.2	44.8	50.6	3.8%	16.7%	51.8	54.7	57.7	4.4%	17.4%
Total	245.3	262.6	281.8	303.0	7.3%	100.0%	290.1	308.9	330.5	2.9%	100.0%
Change to 2017 Budget estimate				16.9			(1.1)	(1.5)	(1.4)		
Economic classification											
Current payments	198.4	218.7	235.0	250.3	8.0%	82.6%	236.1	252.3	270.5	2.6%	81.9%
Compensation of employees	175.1	192.3	201.9	218.9	7.7%	72.1%	204.1	219.1	235.7	2.5%	71.2%
Goods and services	23.3	26.4	33.1	31.4	10.4%	10.4%	32.0	33.2	34.8	3.5%	10.7%
of which:											
Bursaries: Employees	0.7	0.8	0.6	1.2	19.3%	0.3%	1.6	1.6	1.4	7.3%	0.5%
Consultants: Business and advisory services	4.4	6.8	14.2	8.6	24.7%	3.1%	8.0	7.9	8.0	-2.2%	2.6%
Consumables: Stationery, printing and office supplies	5.8	5.7	2.1	7.1	6.6%	1.9%	7.5	7.9	8.9	7.9%	2.5%
Operating leases	0.6	0.6	0.9	1.0	18.8%	0.3%	1.1	1.1	1.1	4.2%	0.3%
Travel and subsistence	7.9	7.8	8.3	9.2	5.2%	3.0%	9.5	10.0	10.4	4.5%	3.2%
Training and development	0.4	0.2	0.5	0.8	27.7%	0.2%	0.9	1.0	1.0	5.6%	0.3%
Transfers and subsidies	45.5	42.7	45.2	51.0	3.9%	16.9%	51.8	54.7	57.7	4.2%	17.5%
Departmental agencies and accounts	45.3	41.2	44.8	50.6	3.8%	16.7%	51.8	54.7	57.7	4.4%	17.4%
Households	0.2	1.5	0.4	0.3	20.3%	0.2%	-	-	-	-100.0%	-
Payments for capital assets	1.3	1.1	1.5	1.8	10.7%	0.5%	2.2	2.0	2.3	8.2%	0.7%

4.7. Expenditure Trends and Estimates

Public Finance and Budget Management expenditure trends and estimates by sub-programme and economic classification												
Sub-programme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Average: expenditure/Total (%)	Medium term expenditure estimate			Average growth rate (%)	Average: expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21		
Machinery and equipment	1.3	1.1	1.5	1.8	1.8	10.7%	0.5%	2.2	2.0	2.3	8.2%	0.7%
Payments for financial assets	0.0	0.1	0.0	-	-	-100.0%	-	-	-	-	-	-
Total	245.3	262.6	281.8	303.0	303.0	7.3%	100.0%	290.1	308.9	330.5	2.9%	100.0%
Proportion of total programme expenditure to vote expenditure	0.9%	0.9%	1.0%	0.7%	0.7%	-	-	1.0%	1.0%	1.0%	-	-
Details of transfers and subsidies												
Households												
Social benefits												
Current	0.0	1.4	0.1	0.1	0.1	8.7%	0.1%	-	-	-	-100.0%	-
Employee social benefits	0.0	1.4	0.1	0.1	0.1	8.7%	0.1%	-	-	-	-100.0%	-
Departmental agencies and accounts												
Departmental agencies (non-business entities)												
Current	45.3	41.2	44.8	50.6	50.6	3.8%	16.7%	51.8	54.7	57.7	4.4%	17.4%
Financial and Fiscal Commission	45.3	41.2	44.8	50.6	50.6	3.8%	16.7%	51.8	54.7	57.7	4.4%	17.4%

4.8. Personnel information

Number of posts estimated for 31 March 2018				Public Finance and Budget Management personnel numbers and cost by salary level ¹														Number	
				Number and cost ² of personnel posts filled / planned for on funded establishment															
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 (%)				
		2016/17			2017/18			2018/19			2019/20			2020/21			2017/18 - 2020/21		
Public Finance and Budget Management		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Salary level	278	1	272	201.9	0.7	277	218.9	0.8	241	204.1	0.8	240	219.1	0.9	241	235.7	1.0	-4.5%	100.0%
1 – 6	3	1	2	0.4	0.2	5	1.1	0.2	5	1.2	0.2	5	1.3	0.3	6	1.6	0.3	6.3%	2.1%
7 – 10	82	–	85	36.7	0.4	83	38.6	0.5	71	35.5	0.5	70	37.9	0.5	69	40.1	0.6	-6.0%	29.3%
11 – 12	106	–	98	73.2	0.7	105	85.4	0.8	95	83.4	0.9	95	90.0	0.9	96	98.2	1.0	-2.9%	39.1%
13 – 16	87	–	87	91.6	1.1	84	93.8	1.1	70	84.1	1.2	70	89.9	1.3	70	95.7	1.4	-5.9%	29.4%

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

2. Rand million.

5. PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

5.1. Purpose

Manage government's annual funding programme in a manner that ensures prudent cash management, and an optimal portfolio of debt and other fiscal obligations. Promote and enforce the prudent financial management of state-owned entities through financial analysis and oversight.

5.2. Strategic Objectives

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 4.1 Exercise oversight of state-owned companies	Exercise oversight of state-owned companies to enable them to achieve government's policy objectives in a financially and fiscally sustainable manner by: <ul style="list-style-type: none"> Reviewing the corporate plans and annual financial statements of state-owned enterprises regularly Tracking progress on capital expenditure programmes on an ongoing basis Reviewing applications for funding, guarantees and borrowing limits and other applications in terms of the PFMA and monitoring progress on an ongoing basis 	State-owned Companies Financial Management and Governance
SO 4.2 Optimal debt management and funding of government's borrowing requirement	Government's funding requirement to be met while ensuring that debt service costs remain sustainable	Government Debt Management
SO 4.3 Ensure sound management of government's cash resources	Ensure that government's liquidity requirements are consistently met through effective cash management and by making sound cash flow forecasts on an ongoing basis	Financial Operations
SO 4.4 Minimise and mitigate risks emanating from government's fiscal obligations	Minimise and mitigate risks emanating from the debt portfolio, sovereign credit rating and contingent liabilities	Strategy and Risk Management

5.3. Sub-Programmes

PROGRAMME MANAGEMENT FOR ASSET AND LIABILITY MANAGEMENT

This sub-programme provides the overall management and regulatory support related to this programme, including support for planning, delivery implementation, monitoring and associated activities that include the management of government debt, financial assets and investments.

STATE-OWNED COMPANIES FINANCIAL MANAGEMENT AND GOVERNANCE

This sub-programme is responsible for overseeing state-owned enterprises to enable them to meet government's policy objectives in a financially and fiscally sustainable manner, and for promoting sound corporate governance of these enterprises. Over the medium term, the unit will continue to review and compile submissions on applications for funding, guarantees and borrowing limits as well as other PFMA applications from state-owned companies. Where such applications are approved, the unit will monitor financial performance and adherence to any conditions. It will also continue to review state owned enterprises' corporate plans and

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

annual reports as they are received annually, and progress on the enterprises' capital expenditure programmes will be monitored on a quarterly basis. To strengthen regulatory compliance, the unit will report on compliance by major state-owned companies with the PFMA, the Companies Act (2008), Treasury Regulations and the King III and IV Code on Corporate Governance.

GOVERNMENT DEBT MANAGEMENT

This sub-programme is responsible for government's long term funding needs. It manages the funding of domestic and foreign debt, contributes to the development of domestic financial markets, maintains sound investor relations, and ensures that debt servicing costs remain sustainable.

FINANCIAL OPERATIONS

This sub-programme provides for government's short term funding needs, invests government's surplus cash, prudently manages cash in all spheres of government, and ensures efficient accounting for debt, the supply of reliable systems, and the provision of high-quality information.

STRATEGY AND RISK MANAGEMENT

This sub-programme develops and maintains a risk management framework for the debt and contingent liabilities of government and monitors the implementation of strategies to ensure that risks remain within tolerance thresholds and that the risk of an adverse credit rating outcome for the sovereign credit rating is mitigated.

FINANCIAL INVESTMENTS

This sub-programme provides for the transfer of funding to meet the needs of state-owned entities such as the re-capitalisation of the Land and Agricultural Development Bank of South Africa, Postbank and the Development Bank of Southern Africa.

5.4. Strategic Plan Objective Annual and Medium Term Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE				ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24		
Strategic Objective 4.1: Exercise oversight of state-owned companies												
4.1 Percentage of oversight of state-owned companies reports	#	#	#	100%	100%	100%	100%	100%	100%	100%		100%
Strategic Objective 4.2: Optimal debt management and funding of government borrowing requirement												
4.2 Percentage of optimal debt management and funding of government borrowing requirements met ²⁵	#	#	#	100%	100%	100%	100%	100%	100%	100%		100%
Strategic Objective 4.3: Ensure sound management of government's cash resources												
4.3 Percentage of government's liquidity requirements met	#	#	#	#	100%	100%	100%	100%	100%	100%		100%
Strategic Objective 4.4: Minimise and mitigate risks emanating from government's fiscal obligations												
4.4 Number of reports on the management of government's contingent liabilities and counterparty risk	#	#	#	#	6	6	6	6	6	6		6

5.5. Programme Performance Indicators and Annual Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)				
	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	2020/21	2021/22
Strategic Objective 4.1: Exercise oversight of state-owned companies										
4.1.1	Percentage of complete corporate plans received from Schedule 2 and 3B public entities reviewed ²⁶			N/A	N/A	32%	100%	100%	100%	100%
4.1.2	Percentage of annual reports received from Schedule 2 and 3B public entities reviewed ²⁷			N/A	N/A	53%	100%	100%	100%	100%
4.1.3	Percentage of complete PFMA Section 54(2), 52, 55 and 92 applications received from Schedule 2 and 3B public entities reviewed ²⁸			N/A	N/A	100%	100%	100%	100%	100%
4.1.4	Percentage of complete guarantee applications received from Schedule 2 and 3B public entities reviewed ²⁹			N/A	N/A	100%	100%	100%	100%	100%
4.1.5	Percentage of received MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B public entities reviewed ³⁰			N/A	N/A	100%	100%	100%	100%	100%
4.1.6	Percentage of complete remuneration review requests of executive and non-executive directors received from Schedule 2 and 3B public entities reporting to the Minister of Finance reviewed ³¹			#	#	1	100%	100%	100%	100%
4.1.7	Percentage of complete board appointments recommendations from Schedule 2 and 3B public entities reporting to the Minister of Finance received and reviewed ³²			#	#	1	100%	100%	100%	100%
4.1.8	Percentage of complete review requests of borrowing limit applications relating to Schedule 2 and 3B public entities reviewed			N/A	N/A	100%	100%	100%	100%	100%

5.5. Programme Performance Indicators and Annual Targets - continued

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE				ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Strategic Objective 4.2: Optimal debt management and funding of government borrowing requirement									
4.2.1	Percentage of government's annual gross borrowing requirement met	N/A	N/A	100%	100%	100%	100%	100%	100%
4.2.2	Percentage of interest and redemptions met	N/A	N/A	100%	100%	100%	100%	100%	100%
Strategic Objective 4.3: Ensure sound management of government's cash resources									
4.3.1	Percentage of government's liquidity requirements met	N/A	N/A	100%	100%	100%	100%	100%	100%
Strategic Objective 4.4: Minimise and mitigate risks emanating from government's fiscal obligations									
4.4.1	Percentage compliance with market and refinancing risks benchmarks	N/A	N/A	100%	100%	100%	100%	100%	100%
4.4.2	Number of interactions to manage and ensure effective relations with the credit rating agencies	#	#	6	N/A	N/A	8	8	8
4.4.3	Number of reports on the management of government's contingent liabilities and counterparty risk	#	#	5	N/A	N/A	6	6	6

5.6. Programme Performance Indicator Quarterly Targets for 2018/19

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 4.1: Exercise oversight of state-owned companies						
4.1.1	Percentage of complete corporate plans received from Schedule 2 and 3B public entities reviewed	100%	100%	100%	N/A	N/A
4.1.2	Percentage of annual reports received from Schedule 2 and 3B public entities reviewed	100%	100%	N/A	100%	N/A
4.1.3	Percentage of complete PFMA Section 54(2), 52, 55 and 92 applications received from Schedule 2 and 3B public entities reviewed	100%	100%	100%	100%	100%
4.1.4	Percentage of complete guarantee applications received from Schedule 2 and 3B public entities reviewed	100%	N/A	N/A	100%	N/A
4.1.5	Percentage of received MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B public entities reviewed	100%	N/A	N/A	N/A	100%
4.1.6	Percentage of complete remuneration review requests of executive and non-executive directors received from Schedule 2 and 3B public entities reporting to the Minister of Finance reviewed	100%	100%	100%	100%	100%
4.1.7	Percentage of complete board appointments recommendations from Schedule 2 and 3B public entities reporting to the Minister of Finance received and reviewed	100%	100%	100%	100%	100%
4.1.8	Percentage of complete review requests of borrowing limit applications relating to Schedule 2 and 3B public entities reviewed	100%	100%	100%	100%	100%
Strategic Objective 4.2: Optimal debt management and funding of government borrowing requirement						
4.2.1	Percentage of government's annual gross borrowing requirement met	100%	100%	100%	100%	100%
4.2.2	Percentage of interest and redemptions met	100%	100%	100%	100%	100%
Strategic Objective 4.3: Ensure sound management of government's cash resources						
4.3.1	Percentage of government's liquidity requirements met	100%	100%	100%	100%	100%
Strategic Objective 4.4: Minimise and mitigate risks emanating from government's fiscal obligations						
4.4.1	Percentage compliance with market and refinancing risks benchmarks	100%	100%	100%	100%	100%
4.4.2	Number of interactions to manage and ensure effective relations with the credit rating agencies	8	2	2	3	1
4.4.3	Number of reports on the management of government's contingent liabilities and counterparty risk	6	1	2	2	1

5.7. Expenditure Trends and Estimates

Asset and Liability Management expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average expenditure/total (%)	Medium term expenditure estimate			Average growth rate (%)	Average expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2017/18 - 2020/21
Programme Management for Asset and Liability Management	120	9.2	24.4	12.5	1.5%	0.4%	20.9	15.7	17.0	10.8%	0.6%
State Owned Entity Financial Management and Governance	29.2	30.8	33.5	10 035.1	600.7%	61.1%	34.2	36.8	39.4	-84.2%	97.2%
Government Debt Management	19.3	19.4	18.8	18.6	-1.2%	0.5%	19.4	20.8	22.3	6.1%	0.8%
Financial Operations	20.0	21.0	22.5	22.4	3.9%	0.5%	24.3	25.9	27.6	7.2%	1.0%
Strategy and Risk Management	9.0	9.8	10.9	11.7	9.3%	0.2%	11.6	12.3	13.2	4.0%	0.5%
Financial Investments	3 000.0	3 174.0	-	-	-100.0%	37.3%	-	-	-	-	-
Total	3 089.4	3 264.3	110.1	10 100.3	48.4%	100.0%	110.4	111.5	119.4	-77.2%	100.0%
Change to 2017 Budget estimate				9 998.0			(29.0)	1.0	1.1		
Economic classification											
Current payments	88.9	89.1	108.9	96.8	2.9%	2.3%	109.9	110.8	118.6	7.0%	4.2%
Compensation of employees	69.3	72.1	77.0	78.5	4.2%	1.8%	78.7	84.5	91.2	5.1%	3.2%
Goods and services	19.6	17.1	31.9	18.3	-2.2%	0.5%	31.2	26.2	27.4	14.4%	1.0%
of which:											
Audit costs: External	0.5	0.5	0.6	0.7	6.6%	-	0.7	0.7	0.7	3.3%	-
Bursaries: Employees	0.6	0.6	0.6	1.0	21.5%	-	1.4	1.3	1.2	6.3%	-
Computer services	9.6	9.5	13.1	8.1	-5.5%	0.2%	11.6	12.3	12.9	16.9%	0.4%
Consultants: Business and advisory services	4.9	2.2	14.1	2.9	-16.1%	0.1%	11.4	5.6	5.9	26.8%	0.2%
Travel and subsistence	1.7	2.3	2.1	3.3	24.7%	0.1%	3.4	3.6	3.8	4.8%	0.1%
Training and development	0.4	0.4	0.4	0.7	17.6%	-	0.8	0.8	0.8	5.0%	-
Transfers and subsidies	0.2	0.9	0.5	0.2	-1.3%	-	-	-	-	-100.0%	-
Households	0.2	0.9	0.5	0.2	-1.3%	-	-	-	-	-100.0%	-

5.7. Expenditure Trends and Estimates - continued

Sub-programme	Asset and Liability Management expenditure trends and estimates by sub-programme and economic classification									
	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: expenditure/total (%)	Medium term expenditure estimate			Average: expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21
Payments for capital assets	0.3	0.2	0.7	3.3	132.4%	–	0.5	0.7	0.8	-38.1%
Machinery and equipment	0.3	0.2	0.7	0.7	37.3%	–	0.5	0.7	0.8	4.9%
Software and other intangible assets	–	–	–	2.6	–	–	–	–	–	-100.0%
Payments for financial assets	3 000.0	3 174.0	–	10 000.0	49.4%	97.6%	–	–	–	-100.0%
Total	3 089.4	3 264.3	110.1	10 100.3	48.4%	100.0%	110.4	111.5	119.4	-77.2%
Proportion of total programme expenditure to vote expenditure	11.8%	11.4%	0.4%	24.9%	–	–	0.4%	0.4%	0.4%	–

5.8. Personnel Information

Number of posts estimated for 31 March 2018				Asset and Liability Management personnel numbers and cost by salary level ¹														Number	
				Number and cost ² of personnel posts filled / planned for on funded establishment															
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 (%)					
				2016/17		2017/18		2018/19		2019/20		2020/21							
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Public Finance and Budget Management	7	109	77.0	0.7	104	78.5	0.8	97	78.7	0.8	98	84.5	0.9	99	91.2	0.9	-1.6%	100.0%	
Salary level																			
1 – 6	3	–	3	0.6	0.2	3	0.6	0.2	3	0.7	0.2	3	0.7	0.2	3	0.8	0.3	–	3.0%
7 – 10	44	2	46	23.7	0.5	46	25.4	0.6	43	25.4	0.6	44	28.2	0.6	45	31.3	0.7	-0.7%	44.7%
11 – 12	39	2	36	28.7	0.8	32	27.8	0.9	28	26.2	0.9	30	30.4	1.0	32	35.0	1.1	–	30.7%
13 – 16	21	3	24	24.0	1.0	23	24.6	1.1	23	26.3	1.1	21	25.2	1.2	19	24.1	1.3	-6.2%	21.6%

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

2. Rand million.

6. PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

6.1. Purpose

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.

6.2. Strategic Objectives

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 5.1 Improve financial management governance and compliance across all spheres and entities in government, giving effect to the PFMA and MFMA	<p>Governance and compliance are continuously improved across all spheres of government by:</p> <ul style="list-style-type: none"> • Maintaining and enhancing the legislative framework • Enforcing compliance with public-sector financial management legislation in each sphere of government • Providing technical support services to address implementation challenges in financial management, IA and risk management • Issuing frameworks, guidelines, circulars, treasury instructions and other tools to enable proper implementation of the legislation • Monitoring and evaluating financial management, IA and risk management across government • Facilitating and undertaking special investigations and performance audits to improve financial governance and compliance 	<p>Financial Management Policy and Compliance Improvement: Office of Accountant-General</p> <ul style="list-style-type: none"> • Governance Monitoring and Compliance • Municipal Finance Management Act Implementation • Internal Audit Support and Advisory Services • Risk Management Advisory Services • Technical Support Services • Specialised Audit Services
SO 5.2 Support and facilitate capacity development across all spheres of government in order to improve financial management execution	<p>Research, develop and implement interventions that contribute to improved public finance management (PFM) capacity, capability, and performance in all three spheres of government, through institutional, organisational, individual, and stakeholder development. This includes providing capacity and support on policies relating to accounting and reporting and IA</p>	<p>Financial Reporting for National Accounts and Financial Management: Office of Accountant-General</p> <ul style="list-style-type: none"> • Policy and Compliance Improvement • Capacity Building • Municipal Finance Improvement Programme • Specialised Audit Services • Internal Audit Support and Advisory Services • Technical Support Services • Accounting Support and Reporting

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 5.3 Manage existing financial systems and renew these as required to exercise comprehensive financial management	<p>Maintain existing financial systems at a level of 98 per cent availability including the provision of reliable, efficient and effective support and user training over the medium term</p> <p>Develop and implement the IFMS to replace ageing and fragmented financial, supply chain and HR management systems across national and provincial departments</p>	<p>Office of the Accountant-General</p> <ul style="list-style-type: none"> Financial Systems Integrated Financial Management Systems
SO 5.4 Modernise SCM policies and procedures	Comprehensive review of SCM policies to ensure a simplified and modernised SCM environment in government, including the amendment of processes and procedures in line with the revised policies	Office of the Chief Procurement Officer
SO 5.5 Monitor and evaluate SCM performance	<p>Exercise oversight on compliance with SCM policies, procedures, norms and standards through monitoring:</p> <ul style="list-style-type: none"> Published procurement plans Published deviations and contract expansions Bid specifications and procurement plans against SCM policies and procedures Bid evaluation and adjudication to ensure compliance with evaluation criteria/scoring Implementation of projects against contract specifications and conditions of tender 	Office of the Chief Procurement Officer
SO5.6 Develop and implement strategic procurement	<p>Conduct a collaborative and structured process of critically analysing government's spend and utilise this information to make better business decisions about acquiring goods and services effectively and efficiently. Strategic procurement will help government to:</p> <ul style="list-style-type: none"> Optimise performance Minimise costs Improve access to business opportunities in line with government broader socio-economic objectives Increase value per Rand spent <p>These objectives will be achieved through the publication and implementation of a strategic procurement framework, guidelines and tools</p> <ul style="list-style-type: none"> Achieve economies of scale by collectively contracting for common goods and services 	Office of the Chief Procurement Officer
SO5.7 Build and strengthen stakeholder relations	Provide an environment for SCM engagements and for support to stakeholders/clients	Office of the Chief Procurement Officer
SO 5.8 Modernise and automate SCM processes	Modernise ICT to improve SCM performance and reduce the amount of paper used in processing transactions	Office of the Chief Procurement Officer

6.3. SUB-PROGRAMMES

PROGRAMME MANAGEMENT FOR FINANCIAL ACCOUNTING AND SUPPLY CHAIN SYSTEMS

This sub-programme supports planning, monitoring and coordinating deliverables of the programme plan.

OFFICE OF ACCOUNTANT-GENERAL

The purpose of this sub-programme is to facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the South African public sector through:

- **Financial Systems:** Maintain and improve existing financial management systems and develop and implement the new IFMS. This will replace ageing and fragmented financial, supply chain and HR management systems within national and provincial departments
- **Financial Reporting for National Accounts:** Provides support to all spheres of government in implementing financial reporting frameworks and preparing consolidated financial statements. Responsibilities include monthly monitoring of state budgets and expenditure reports in line with the PFMA
- **Financial Management Policy and Compliance Improvement:** Promotes financial management compliance with the PFMA and MFMA through the development of supporting guides and frameworks, instructions and regulations, and provides implementation support in the three spheres of government. It regulates financial management and accounting policies and sets the risk and IA frameworks in the three spheres of government. It also provides technical and other support for institutional capacity building relating to financial management and provides assistance with specialised performance audits and investigations of malpractice across all spheres of government

OFFICE OF THE CHIEF PROCUREMENT OFFICER

The purpose of this sub-programme is to improve procurement systems in government, reduce wasteful expenditure and bring about efficient and cost-effective procurement across government. The office aims to enable the efficient, economic, effective and transparent use of financial and other resources, including state assets, for improved service delivery; and to promote, support and enforce transparent and effective management of state procurement and sound stewardship of government assets and resources.

6.4. Strategic Plan Objective annual And Medium Term Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strategic Objective 5.1: Improve financial management governance and compliance across all spheres and entities in government, giving effect to the PFMA and MFMA										
5.1 Percentage of financial management regulations, instructions, circulars, policies, guidelines and tools published	#	#	#	100%	100%	100%	100%	100%	100%	100%
Strategic Objective 5.2: Support and facilitate capacity development across all spheres of government in order to improve financial management execution										
5.2 Percentage of planned capacity development initiatives implemented	#	#	#	100%	100%	100%	100%	100%	100%	100%
Strategic Objective 5.3: Manage existing financial systems and renew these as required to exercise comprehensive financial management										
5.3 Percentage alignment of financial management systems to regulations, policies and instructions	#	#	#	100%	100%	100%	100%	100%	100%	100%
Strategic Objective 5.4: Modernise SCM policies and procedures										
5.4 Percentage of revised SCM Process and Procedures published	#	#	#	100%	100%	100%	100%	100%	100%	100%

6.4. Strategic Plan Objective Annual and Medium Term Targets - continued

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strategic Objective 5.5: Monitor and evaluate SCM performance										
5.5	Percentage of SCM performance monitoring reports published on the website	#	#	#	100%	100%	100%	100%	100%	100%
Strategic Objective 5.6: Develop and implement strategic procurement										
5.6	Strategy for strategic procurement implemented	#	#	#	Strategy for strategic procurement developed	Strategy for strategic procurement rolled out	Strategy updated	Strategy updated	Strategy updated	Strategy updated
Strategic Objective 5.7: Build and strengthen stakeholder relations										
5.7	Build and strengthen stakeholder relations	#	#	#	Develop stakeholder engagement model	Implement stakeholder engagement model	Evaluate stakeholder engagement model	Update stakeholder engagement model	Review stakeholder engagement model	Review stakeholder engagement model
Strategic Objective 5.8: Modernise and automate SCM processes										
5.8	e-Procurement implemented	#	#	#	Develop e-Procurement	e-Procurement – business processes redefined	Update e-procurement business processes	Update e-procurement business processes	Further improvement of e-procurement business processes	Further improvement of e-procurement business processes

6.5. Programme Performance Indicators and Annual Targets^{33 34}

PERFORMANCE INDICATOR		AUDITED/ACTUAL PERFORMANCE			CURRENT YEAR PERFORMANCE	PLANNED PERFORMANCE	MEDIUM TERM TARGETS (MTEF)			
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Strategic Objective 5.1 Improve financial management governance and compliance across all spheres and entities in government, giving effect to the PFMA and MFMA										
5.1.1	Number of workshops conducted on IA and risk management guidelines ³⁵	N/A	N/A	66	24	10	10	10	10	10
5.1.2	Number of institutions whose Audit Committees have been provided with support	N/A	N/A	2	15	15	15	15	15	15
5.1.3	Number of support plans developed for government entities struggling with financial management as identified in audit reports ³⁶	N/A	N/A	5	5	5	5	5	5	5
5.1.4	Number of training sessions conducted in risk management ^{37 38}	N/A	N/A	612	400	4	4	4	4	4
5.1.5	Number of guidelines on risk management curriculum developed for institutions of higher learning ³⁹	N/A	N/A	4	4	4	4	4	N/A	N/A
5.1.6	Number of monitoring reports on improvement of financial management in national and provincial institutions produced ^{40 41}	#	#	#	6	4	4	4	4	4
5.1.7	Number of guidelines to assist with the implementation of Treasury Regulations, policies and Treasury Instructions developed	N/A	N/A	4	4	4	4	4	8	8
5.1.8	Number of training sessions provided to support PFMA institutions on the implementation of Treasury Regulations, Treasury Instructions and guidelines ⁴²	N/A	N/A	10	8	8	8	8	12	12
5.1.9	Number of forensic investigation reports produced ^{43 44}	27	28	41	25	26	26	26	26	26
5.1.10	Number of specialised audit reports produced	#	#	#	#	4	4	4	4	4

6.5. Programme Performance Indicators and Annual Targets- continued^{33 34}

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			CURRENT YEAR PERFORMANCE 2017/18	PLANNED PERFORMANCE 2018/19	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17			2019/20	2020/21	2021/22
5.1.11 Number of criminal investigation cases supported ⁴⁵	48	44	74	30	30	30	30	30
5.1.12 Number of engagements held with public officials to address compliance and implementation of regulations, instructions and guidelines in a coordinated and consistent manner	#	#	#	2	2	2	2	2
5.1.13 Percentage of financial management grant support plans reviewed for alignment with the grant framework for municipalities	#	#	#	100%	100%	100%	100%	100%
5.1.14 Percentage of complete requests to draft financial recovery plans responded to within 90 days of receipt ⁴⁶⁻⁴⁷	#	#	#	100%	100%	100%	100%	100%
5.1.15 Percentage of requests to the MFMA helpdesk responded to within 30 days of receipt	#	#	#	75%	75%	75%	75%	75%
5.1.16 Number of municipalities assisted in addressing gaps as identified by FMCM and financial indicator assessments	#	#	#	3	5	5	5	5
5.1.17 Number of municipalities with the highest UIFW incurred annually monitored to rectify such expenditure in terms of the MFMA	#	#	#	10	10	10	10	10
5.1.18 Number of monthly statement reports of actual revenue and actual expenditure for the National Revenue Fund (NRF) published ⁴⁸	N/A	N/A	12 reports published, each on the last working day of every month	12	12	12	12	12

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

6.5. Programme Performance Indicators and Annual Targets- continued^{33 34}

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			CURRENT YEAR PERFORMANCE	PLANNED PERFORMANCE	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
5.1.19 Percentage compliance with the banking services for national government: <ul style="list-style-type: none"> Daily bank reconciliation of NRF Electronic verification of supplier banking details within four working days⁴⁹ 	N/A	N/A	100%	100%	95%	95%	95%	95%
5.1.20 Number of consolidated annual financial statements for national departments, public entities and Reconstruction and Development Programme (RDP) Fund tabled on 31 October	N/A	N/A	1 tabling of consolidated financial statements	2	2	2	2	2
5.1.21 Percentage of comments provided to Standard Setters on local and international exposure drafts	#	#	#	#	100 %	100 %	100 %	100 %
5.1.22 Number of Modified Cash Standard published	#	#	#	#	1	1	1	1
5.1.23 Percentage responses to queries logged on the SCOA helpdesk	#	#	#	#	100 %	100 %	100 %	100 %
Strategic Objective 5.2: Support and facilitate capacity development across all spheres of government in order to improve financial management execution								
5.2.1 Number of training sessions conducted in the preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of Generally Recognised Accounting Practice (GRAP) standards ^{50 51}	N/A	N/A	477	250	4	4	4	4
5.2.2 Percentage of the public financial management education, training and development implementation plan achieved	#	#	#	100%	100%	100%	100%	100%
5.2.3 Number of municipal officials trained in financial management competencies	1 034	1 380	1 080	1 000	1 000	1 000	1 000	1 000

6.5. Programme Performance Indicators and Annual Targets- continued^{33 34}

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			CURRENT YEAR PERFORMANCE	PLANNED PERFORMANCE	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
5.2.4 Percentage of the public financial management capacity development strategy (CDS) implementation plan achieved	N/A	N/A	100%	100%	100%	100%	100%	100%
5.2.5 Percentage of qualifying trainees that participate in the academic support programme for prospective chartered accountants	N/A	N/A	17	100%	100%	100%	100%	100%
5.2.6 Number of municipalities monitored to comply with minimum competencies regulations for financial management	#	#	#	70	70	70	70	70
5.2.7 Number of municipalities that received disclaimers and adverse opinions prioritised by NT and PTs supported	#	#	#	10	30	30	30	30
Strategic Objective 5.3: Manage existing financial systems and renew these as required to exercise comprehensive financial management								
5.3.1 Percentage availability of current transversal systems ⁵²	99%	98%	99%	98%	98%	98%	98%	98%
5.3.2 Implementation of the IFMS II plan	#	#	#	#	Planning and design completed Pilot site preparation for National Treasury and DPSA	Lead site implementation at Western Cape and Eastern Cape	National roll-out	National roll-out
Strategic Objective 5.4: Modernise SCM policies and procedures								
5.4.1 Number of Instructions issued in line with policy interventions and proposed designated products or categories to enhance SCM policy	N/A	N/A	22	9	6	3	3	5
Strategic Objective 5.5: Monitor and evaluate SCM performance								
5.5.1 Percentage of departments'/ entities' deviation/expansion requests reviewed ⁵³	N/A	N/A	100%	100%	100%	100%	100%	100%

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

6.5. Programme Performance Indicators and Annual Targets- continued^{33 34}

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			CURRENT YEAR PERFORMANCE	PLANNED PERFORMANCE	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
5.5.2 Percentage of procurement plans published on the e-tender portal	N/A	N/A	100%	100%	100%	100%	100%	100%
5.5.3 Percentage of bids reviewed to ensure compliance with norms and standards ⁵⁴	N/A	N/A	100%	100%	100%	100%	100%	100%
5.5.4 Percentage of projects inspected to verify if the delivery of awarded contracts is aligned with the contract conditions ⁵⁵	N/A	N/A	100%	100%	100%	100%	100%	100%
Strategic Objective 5.6: Develop and implement strategic procurement								
5.6.1 Percentage implementation of the strategic sourcing opportunities plan ⁵⁶	#	#	#	#	100%	100%	100%	100%
5.6.2 Number of transversal term contracts implemented ⁵⁷	16	16	28	17	22	25	28	15
Strategic Objective 5.7 Build and strengthen stakeholder relations								
5.7.1 Number of stakeholder engagements conducted ⁵⁸	N/A	N/A	95%	95%	16	16	16	16
5.7.2 Number of prioritised departments and entities supported on supply chain	#	#	#	8	10	10	10	10
Strategic Objective 5.8: Modernise and automate SCM processes								
5.8.1 Number of tenders advertised on an electronic tendering platform for transversal contracts ⁵⁹	#	#	#	20	10 000	5000	10 000	10 000
5.8.2 Number of business processes defined for SCM	#	#	#	11	124	150	150	0
5.8.3 Number of municipalities supported in SCM and contract management audit findings/opinions; monitoring corrective actions taken by non-compliant municipalities	#	#	#	#	Metros: 1 Districts: 10 Local: 100	0	0	0

6.6. Programme Performance Indicator Quarterly Targets for 2018/19

PERFORMANCE INDICATOR	2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 5.1: Improve financial management governance and compliance across all spheres and entities in government, giving effect to the PFMA and MFMA					
5.1.1 Number of workshops conducted on IA and risk management guidelines	10	2	2	4	2
5.1.2 Number of institutions whose Audit Committees have been provided with support	15	5	5	3	2
5.1.3 Number of support plans developed for government entities struggling with financial management as identified in audit reports	5	5	N/A	N/A	N/A
5.1.4 Number of training sessions conducted in risk management	4	1	1	1	1
5.1.5 Number of guidelines on risk management curriculum developed for institutions of higher learning	4	1	1	1	1
5.1.6 Number of monitoring reports on improvement of financial management in national and provincial institutions produced	4	1	1	1	1
5.1.7 Number of guidelines to assist with the implementation of Treasury Regulations, policies and Treasury Instructions developed	4	1	1	1	1
5.1.8 Number of training sessions provided to support PFMA institutions on the implementation of Treasury Regulations, Treasury Instructions and guidelines	8	2	2	2	2
5.1.9 Number of forensic investigation reports produced	26	6	7	6	7
5.1.10 Number of specialised audit reports produced	4	1	1	1	1
5.1.11 Number of criminal investigation cases supported	30	N/A	N/A	N/A	30
5.1.12 Number of engagements held with public officials to address compliance and implementation of regulations, instructions and guidelines in a coordinated and consistent manner	2	1	N/A	N/A	1
5.1.13 Percentage of financial management grant support plans reviewed for alignment with the grant framework for municipalities	100%	N/A	N/A	N/A	100%
5.1.14 Percentage of complete requests to draft financial recovery plans responded to within 90 days of receipt	100%	100%	100%	100%	100%
5.1.15 Percentage of requests to the MFMA helpdesk responded to within 30 days of receipt	75%	75%	75%	75%	75%
5.1.16 Number of municipalities assisted in addressing gaps as identified by FMCMM and financial indicator assessments	5	N/A	N/A	N/A	5
5.1.17 Number of municipalities with the highest UIFW incurred annually monitored to rectify such expenditure in terms of the MFMA	10	N/A	N/A	N/A	10
5.1.18 Number of monthly statement reports of actual revenue and actual expenditure for the National Revenue Fund (NRF) published	12	3	3	3	3

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

6.6. Programme Performance Indicator Quarterly Targets for 2018/19 - continued

PERFORMANCE INDICATOR	2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
5.1.19 Percentage compliance with the banking services for national government: <ul style="list-style-type: none"> Daily bank reconciliation of NRF Electronic verification of supplier banking details within four working days 	95%	95%	95%	95%	95%
5.1.20 Number of consolidated annual financial statements for national departments, public entities and Reconstruction and Development Programme (RDP) Fund tabled on 31 October	2	N/A	N/A	2	N/A
5.1.21 Percentage of comments provided to Standard Setters on local and international exposure drafts	100%	100%	100%	100%	100%
5.1.22 Number of Modified Cash Standard published	1	N/A	N/A	N/A	1
5.1.23 Percentage responses to queries logged on the SCOA helpdesk	100%	100%	100%	100%	100%
Strategic Objective 5.2: Support and facilitate capacity development across all spheres of government in order to improve financial management execution					
5.2.1 Number of training sessions conducted in the preparation of provincial consolidated financial statements; provincial revenue fund statements and implementation of Generally Recognised Accounting Practice (GRAP) standards	4	1	1	1	1
5.2.2 Percentage of the public financial management education, training and development implementation plan achieved	100%	25%	25%	25%	25%
5.2.3 Number of municipal officials trained in financial management competencies	1000	250	250	250	250
5.2.4 Percentage of the public financial management capacity development strategy (CDS) implementation plan achieved	100%	25%	25%	25%	25%
5.2.5 Percentage of qualifying trainees that participate in the academic support programme for prospective chartered accountants	100%	100%	100%	100%	100%
5.2.6 Number of municipalities monitored to comply with minimum competencies regulations for financial management	70	N/A	N/A	N/A	70
5.2.7 Number of municipalities that received disclaimers and adverse opinions prioritised by NT and PTs supported	30	N/A	N/A	N/A	30
Strategic Objective 5.3: Manage existing financial systems and renew these as required to exercise comprehensive financial management					
5.3.1 Percentage availability of current transversal systems	98%	98%	98%	98%	98%

6.6. Programme Performance Indicator Quarterly Targets for 2018/19 - continued

PERFORMANCE INDICATOR	2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
5.3.2 Implementation of the IFMS II plan	Planning and design completed	Architecture Blueprint and implementation strategy developed	Architecture artifacts approved	Programme governance model reviewed	N/A
	Prepare pilot site for National Treasury and DPSA	Issue RFP for pilot and lead sites implementation	SITA-hosting infrastructure secured	PMO for pilot and lead sites implementation established	Define Business Model for the CoE (Centre of Excellence)
Strategic Objective 5.4: Modernise SCM policies and procedures					
5.4.1 Number of Instructions issued in line with policy interventions and proposed designated products or categories to enhance SCM policy	6	1	1	2	2
Strategic Objective 5.5: Monitor and evaluate SCM performance					
5.5.1 Percentage of departments/entities' deviation/expansion requests reviewed	100%	100%	100%	100%	100%
5.5.2 Percentage of procurement plans published on the e-tender portal	100%	100%	100%	100%	100%
5.5.3 Percentage of bids reviewed to ensure compliance with norms and standards	100%	100%	100%	100%	100%
5.5.4 Percentage of projects inspected to verify if the delivery of awarded contracts is aligned with the contract conditions	100%	100%	100%	100%	100%
Strategic Objective 5.6: Develop and implement strategic procurement					
5.6.1 Percentage implementation of the strategic sourcing opportunities plan	100%	100%	100%	100%	100%
5.6.2 Number of transversal term contracts implemented	22	5	7	6	4
Strategic Objective 5.7: Build and strengthen stakeholder relations					
5.7.1 Number of stakeholder engagements conducted	16	4	4	4	4
5.7.2 Number of prioritised departments and entities supported on supply chain	10	N/A	N/A	N/A	10
Strategic Objective 5.8: Modernise and automate SCM processes					
5.8.1 Number of tenders advertised on an electronic tendering platform for transversal contracts	10000	2500	2500	2500	2500
5.8.2 Number of business processes defined for SCM	124	30	30	34	30
5.8.3 Number of municipalities supported in SCM and contract management audit findings/opinions; monitoring corrective actions taken by non-compliant municipalities	Metros: 1 Districts: 10 Local: 100	Metros: 0 Districts: 3 Local: 25	Metros: 0 Districts: 3 Local: 25	Metros: 1 Districts: 2 Local: 25	Metros: 0 Districts: 2 Local: 25

6.7. Expenditure Trends and Estimates

Financial Accounting and Supply Chain Management Systems expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/Total (%)	Medium term expenditure estimate			Average growth rate (%)	Average: expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21		
Programme Management for Financial Accounting and Supply Chain Management Systems	15.2	24.7	60.2	99.9	87.5%	5.3%	143.2	150.9	14.7%	13.1%	
Office of the Chief Procurement Officer	38.6	55.3	67.5	74.7	24.6%	6.2%	75.7	80.8	2.6%	6.7%	
Financial Systems	412.1	441.0	797.4	634.5	15.5%	60.2%	556.4	587.8	-2.5%	53.8%	
Financial Reporting for National Accounts	86.4	83.0	85.1	99.2	4.7%	9.3%	108.0	114.7	4.9%	9.4%	
Financial Management Policy and Compliance Improvement	117.8	128.5	120.3	124.3	1.8%	12.9%	146.7	156.6	8.0%	12.6%	
Audit Statutory Bodies	61.3	41.9	79.1	46.3	-8.9%	6.0%	50.4	53.2	4.7%	4.4%	
Service Charges: Commercial Banks	0.1	0.1	0.3	0.3	38.8%	-	0.3	0.3	5.4%	-	
Total	731.5	774.5	1 209.9	1 079.1	13.8%	100.0%	1 080.7	1 144.3	2.0%	100.0%	
Change to 2017 Budget estimate				(8.7)		(10.6)	(10.5)	(11.4)			
Economic classification											
Current payments	619.8	682.9	668.8	969.6	16.1%	77.5%	964.5	1 021.8	1.8%	89.8%	
Compensation of employees	158.3	179.5	200.5	208.1	9.5%	19.7%	223.8	240.4	4.9%	19.6%	
Goods and services	461.5	503.4	468.2	761.5	18.2%	57.8%	740.7	781.4	0.9%	70.2%	
of which:											
Audit costs: External	6.5	3.9	3.8	7.5	4.8%	0.6%	5.4	6.0	-6.9%	0.5%	
Computer services	384.6	338.8	353.2	582.2	14.8%	43.7%	486.5	514.8	-4.0%	47.9%	
Consultants: Business and advisory services	49.9	137.4	88.7	144.7	42.6%	11.1%	267.9	228.8	16.5%	19.1%	
Legal services	0.4	-	-	-	-100.0%	-	5.0	1.5	-	0.2%	
Travel and subsistence	7.2	4.2	7.6	10.1	11.9%	0.8%	11.0	11.4	4.1%	1.0%	
Venues and facilities	4.7	0.3	4.3	5.1	2.9%	0.4%	5.5	6.2	9.2%	0.5%	

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

6.7. Expenditure Trends and Estimates - continued

Financial Accounting and Supply Chain Management Systems expenditure trends and estimates by sub-programme and economic classification										
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/Total (%)	Medium term expenditure estimate			Average: expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	
Transfers and subsidies	106.5	83.5	121.6	99.5	-2.2%	10.8%	110.2	116.0	5.3%	9.6%
Departmental agencies and accounts	106.1	83.1	120.6	99.4	-2.2%	10.8%	108.4	114.4	4.8%	9.4%
Households	0.4	0.4	1.0	0.1	-29.2%	0.1%	1.8	1.7	125.2%	0.1%
Payments for capital assets	3.9	8.1	419.5	10.0	37.1%	11.6%	6.1	6.4	-13.8%	0.6%
Machinery and equipment	3.9	8.1	3.4	8.3	28.5%	0.6%	5.4	5.7	-11.5%	0.6%
Software and other intangible assets	-	-	416.1	1.8	-	11.0%	0.6	0.7	-27.1%	0.1%
Payments for financial assets	1.3	0.0	0.0	-	-100.0%	-	-	-	-	-
Total	731.5	774.5	1 209.9	1 079.1	13.8%	100.0%	1 080.7	1 144.3	2.0%	100.0%
Proportion of total programme expenditure to vote expenditure	2.8%	2.7%	4.3%	2.7%	-	-	3.5%	3.5%	-	-
Details of transfers and subsidies										
Households										
Social benefits										
Current	0.3	0.1	0.6	0.0	-56.6%	-	1.8	1.7	300.3%	0.1%
Employee social benefits	0.3	0.1	0.6	0.0	-56.6%	-	1.8	1.7	300.3%	0.1%
Departmental agencies and accounts										
Departmental agencies (non-business entities)										
Current	106.1	83.1	120.6	99.4	-2.2%	10.8%	108.4	114.4	4.8%	9.4%
Accounting Standards Board	10.3	-	12.5	13.5	9.5%	1.0%	14.8	15.7	5.2%	1.3%
Independent Regulatory Board for Auditors	34.6	41.3	29.0	39.6	4.6%	3.8%	43.2	45.5	4.7%	3.8%
Auditor-General of South Africa	61.3	41.9	79.1	46.3	-8.9%	6.0%	50.4	53.2	4.7%	4.4%

6.8. PERSONNEL INFORMATION

Number of posts estimated for 31 March 2018				Financial Accounting and Supply Chain Management Systems personnel numbers and cost by salary level ¹												Number					
				Number and cost ² of personnel posts filled / planned for on funded establishment																	
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 (%)					
				2016/17		2017/18		2018/19		2019/20		2020/21									
				Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost						
Public Finance and Budget Management				39	294	200.5	0.7	283	208.2	0.7	268	208.2	0.8	268	223.8	0.8	265	240.4	0.9	-2.2%	100.0%
Salary level	304																				
1 – 6	11		–	9	2.3	0.3	9	2.5	0.3	8	2.3	0.3	9	2.8	0.3	8	2.7	0.3	-3.9%	3.1%	
7 – 10	122		33	124	59.1	0.5	118	60.4	0.5	116	63.3	0.5	113	66.2	0.6	108	67.6	0.6	-2.9%	42.0%	
11 – 12	81		1	80	51.8	0.6	72	50.7	0.7	69	52.5	0.8	70	57.5	0.8	70	62.1	0.9	-0.9%	25.9%	
13 – 16	90		5	81	87.3	1.1	84	94.5	1.1	75	90.2	1.2	76	97.3	1.3	79	108.0	1.4	-2.0%	29.0%	

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

2. Rand million.

7. PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

7.1. PURPOSE

Manage South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa.

7.2. STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 6.1 Advance South Africa's interests specifically, and those of Africa more generally, through regular strategic analysis, engagements and negotiations at regional and global financial and economic forums	Advance South Africa's national economic interests specifically, and those of Africa generally by: <ul style="list-style-type: none"> Assessing the content and context of current policy debates and expanding awareness of them Managing the relationship between South Africa and selected public finance and development institutions, with particular focus on implementation of agreements 	<ul style="list-style-type: none"> International Economic Cooperation African Integration and Support
SO 6.2 Increase Africa's voice and South Africa's influence in international institutions and forums	<ul style="list-style-type: none"> Strengthen and expand South Africa's engagement in key institutions and with partners at selected policy fora Increase capital participation (as appropriate) to more firmly anchor South Africa's role Advancing governance reform Pressing for improved effectiveness in the delivery of institutional/organisational mandates 	<ul style="list-style-type: none"> African Integration and Support International Development Funding Institutions International Projects
SO 6.3 Support an enabling environment for increased economic activity within Africa	Promote regional economic integration and strengthen economic links within Africa by: <ul style="list-style-type: none"> Encouraging increased cooperation and investment that support improved interconnectedness in the region Expanding bilateral engagements on issues of mutual interest 	<ul style="list-style-type: none"> African Integration and Support International Projects International Economic Cooperation

7.3. SUB-PROGRAMMES

PROGRAMME MANAGEMENT FOR INTERNATIONAL FINANCIAL RELATIONS

This sub-programme supports the planning, monitoring and delivering of the programme's activities. The unit oversees South Africa's representation in international and regional financial institutions; manages bilateral and multilateral relationships on behalf of National Treasury; and plans, implements and monitors programmes and activities within the divisional mandate.

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

INTERNATIONAL ECONOMIC COOPERATION

This sub-programme focuses on improving South Africa's participation in international and regional economic institutions. This entails working through key economic institutions and fora such as the African Development Bank, the United Nations Economic Commission for Africa, the New Partnership for Africa's Development, the G20, the Brazil-Russia-India-China-South Africa (BRICS) group of countries and the International Monetary Fund.

AFRICAN INTEGRATION AND SUPPORT

This sub-programme serves mainly as a vehicle to enable National Treasury to engage with Africa through the Southern African Customs Union (SACU), the Southern African Development Co-operation (SADC) and the African Union (AU). Regional integration in terms of growing trade, infrastructure investment and strengthening bilateral relations with key countries are the focus areas for strengthening South Africa's relations with SACU, SADC and Africa more broadly.

INTERNATIONAL DEVELOPMENT FUNDING INSTITUTIONS

This sub-programme provides for subscriptions and contributions to international development institutions and multilateral banks. It transfers funds to the African Development Bank and African Development Fund for buying shares and subscriptions, and for accelerated encashment schedules to support African development; and to the World Bank Group (WBG) group for providing concessional loans and grants to low income countries and for contributing to general and selective increases in the authorised capital of the WBG.

INTERNATIONAL PROJECTS

This sub-programme transfers funds to international projects and interventions. It supports priorities such as building capacity and providing medical support to disaster-hit and impoverished areas. To this end, National Treasury contributes to the Commonwealth Fund for Technical Cooperation and the International Finance Facility for Immunisation. The facility transfers funds to the Global Alliance for Vaccines and Immunization (GAVI), a public-private global health partnership aimed at supporting health care and providing vaccines to reduce the number of vaccine-preventable deaths among children in low income countries.

7.4. Strategic Plan Objective Annual and Medium Term Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE					ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24		
Strategic Objective 6.1: Advance South Africa's interests specifically, and those of Africa more generally, through regular strategic analysis, engagements and negotiations at regional and global financial and economic forums												
6.1 Number of initiatives conducted to advance South Africa's interests specifically, and those of Africa more generally	#	#	#	22	22	22	22	22	22	22		
Strategic Objective 6.2: Increase Africa's voice and South Africa's influence in international institutions and forums												
6.2 Number of strategic Ministerial briefings aimed at governance reforms in international financial institutions provided ⁶⁰	#	#	#	#	4	4	4	4	4	4		
Strategic Objective 6.3 : Support an enabling environment for increased economic activity within Africa												
6.3 African strategy implemented	#	#	#	Draft Africa Strategy	Approved Africa Strategy	Africa Strategy implemented	Africa Strategy implementation monitored	Africa Strategy implementation monitored	Africa Strategy implementation monitored	Africa Strategy implementation monitored		

7.5. Programme Performance Indicators and Annual Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Strategic Objective 6.1: Advance South Africa's interests specifically, and those of Africa more generally, through regular strategic analysis, engagements and negotiations at regional and global financial and economic forums								
6.1.1 Percentage of obligations towards international agreements met monitored	N/A	N/A	100%	100%	100%	100%	100%	100%
6.1.2 Percentage response to customer requests on mandatory briefing notes and analysis	#	#	#	100%	100%	100%	100%	100%
6.1.3 Percentage response to customer request on ad-hoc briefing notes and analysis	#	#	#	100%	100%	100%	100%	100%
Strategic Objective 6.2: Increase Africa's voice and South Africa's influence in international institutions and forums								
6.2.1 Number of interventions to increase South Africa's presence within institutions of particular strategic value ⁶¹	N/A	N/A	3	1	1	1	1	1
6.2.2 Percentage of interventions in pursuit of institutional reform implemented	N/A	N/A	9	100%	100%	100%	100%	100%
Strategic Objective 6.3: Support an enabling environment for increased economic activity within Africa								
6.3.1 Number of initiatives developed to expand relations with key strategic partners in Africa	N/A	N/A	3	1	1	1	1	1
6.3.2 Percentage of implemented identified projects and plans to accelerate regional integration reviewed ⁶²	N/A	N/A	100%	100%	100%	100%	100%	100%

7.6. Programme Performance Indicator Quarterly Targets For 2018/19

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 6.1: Advance South Africa's interests specifically, and those of Africa more generally, through regular strategic analysis, engagements and negotiations at regional and global financial and economic forums						
6.1.1	Percentage of obligations towards international agreements met monitored	100%	100%	100%	100%	100%
6.1.2	Percentage response to customer requests on mandatory briefing notes and analysis	100%	100%	100%	100%	100%
6.1.3	Percentage response to customer request on ad-hoc briefing notes and analysis	100%	100%	100%	100%	100%
Strategic Objective 6.2: Increase Africa's voice and South Africa's influence in international institutions and forums						
6.2.1	Number of interventions to increase South Africa's presence within institutions of particular strategic value	1	N/A	N/A	N/A	1
6.2.2	Percentage of interventions in pursuit of institutional reform implemented	100%	100%	100%	100%	100%
Strategic Objective 6.3: Support an enabling environment for increased economic activity within Africa						
6.3.1	Number of initiatives developed to expand relations with key strategic partners in Africa	1	N/A	N/A	N/A	1
6.3.2	Percentage of implemented identified projects and plans to accelerate regional integration reviewed	100%	100%	100%	100%	100%

7.7. Expenditure Trends and Estimates

International Financial Relations expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average expenditure/total (%)	Medium term expenditure estimate			Average growth rate (%)	Average expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2017/18 - 2020/21
Programme Management for International Financial Relations	8.3	14.5	10.0	9.1	3.1%	0.3%	12.3	13.9	14.3	16.2%	0.2%
International Economic Cooperation	27.3	30.4	38.3	42.5	15.9%	0.9%	39.8	46.0	49.6	5.3%	0.8%
African Integration and Support	588.3	717.5	796.7	760.0	8.9%	18.4%	816.8	862.6	910.0	6.2%	14.5%
International Development Funding Institutions	557.6	2 762.7	4 091.8	4 999.2	107.7%	79.9%	4 513.4	4 801.6	5 065.3	0.4%	84.1%
International Projects	17.2	21.0	19.0	20.5	6.1%	0.5%	19.9	21.0	22.2	2.6%	0.4%
Total	1 198.7	3 546.1	4 955.8	5 831.4	69.4%	100.0%	5 402.1	5 745.1	6 061.4	1.3%	100.0%
Change to 2017 Budget estimate				(5.4)			(509.0)	(501.3)	(529.3)		
Economic classification											
Current payments	35.4	44.7	47.2	50.9	12.9%	1.1%	51.5	59.1	62.8	7.2%	1.0%
Compensation of employees	26.1	28.2	32.0	30.7	5.5%	0.8%	36.2	40.4	43.2	12.1%	0.7%
Goods and services	9.3	16.5	15.2	20.3	29.6%	0.4%	15.4	18.8	19.6	-1.1%	0.3%
of which:											
Bursaries: Employees	0.1	0.1	0.2	0.6	93.3%	–	0.7	0.8	0.8	9.5%	–
Communication	0.4	0.4	0.2	0.3	-6.9%	–	0.5	0.5	0.5	17.4%	–
Travel and subsistence	6.9	10.4	9.3	9.4	10.5%	0.2%	10.6	11.9	12.6	10.4%	0.2%
Training and development	0.2	0.0	0.1	0.2	10.2%	–	0.3	0.3	0.3	11.7%	–
Operating payments	0.2	0.3	0.4	1.1	78.4%	–	1.3	1.4	1.3	5.4%	–
Venues and facilities	0.3	4.4	0.8	6.1	183.9%	0.1%	1.0	2.9	3.0	-21.2%	0.1%
Transfers and subsidies	788.3	829.2	906.4	910.7	4.9%	22.1%	972.8	1 027.3	1 083.8	6.0%	17.3%
Foreign governments and international organisations	788.3	829.2	906.4	910.7	4.9%	22.1%	972.8	1 027.3	1 083.8	6.0%	17.3%
Households	0.0	0.0	0.0	0.0	-26.9%	–	–	–	–	-100.0%	–
Payments for capital assets	0.1	0.2	1.1	0.6	72.5%	–	0.5	0.7	1.1	19.5%	–
Machinery and equipment	0.1	0.2	1.1	0.6	72.5%	–	0.5	0.7	1.1	19.5%	–

7.7. Expenditure Trends and Estimates - continued

International Financial Relations expenditure trends and estimates by sub-programme and economic classification										
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: expenditure/total (%)	Medium term expenditure estimate			Average: expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21
Payments for financial assets	374.8	2 672.0	4 001.1	4 869.1	135.1%	76.7%	4 377.3	4 657.9	4 913.7	0.3%
Total	1 198.7	3 546.1	4 955.8	5 831.4	69.4%	100.0%	5 402.1	5 745.1	6 061.4	1.3%
Proportion of total programme expenditure to vote expenditure	4.6%	12.4%	17.6%	14.4%	–	–	18.4%	18.8%	18.4%	–
Details of transfers and subsidies										
Foreign governments and international organisations										
Current	605.5	738.6	815.7	780.6	8.8%	18.9%	836.7	883.6	932.2	6.1%
Common Monetary Area Compensation	581.6	712.5	792.3	754.9	9.1%	18.3%	804.9	849.9	896.7	5.9%
Collaborative Africa Budget Reform Initiative	4.4	1.8	2.4	2.5	-17.1%	0.1%	1.7	1.8	1.9	-8.8%
Commonwealth Fund for Technical Cooperation	5.7	5.5	5.8	6.1	2.3%	0.1%	6.4	6.8	7.2	5.4%
International Finance Facility for Immunisation	11.5	15.5	13.2	14.4	7.9%	0.4%	13.4	14.2	15.0	1.3%
African Institute for Economic Development and Planning	0.9	1.2	1.0	1.2	7.9%	–	1.4	1.4	1.5	9.3%
Africa Regional Technical Assistance Centre for Southern Africa	0.4	1.0	1.0	1.4	60.3%	–	1.2	1.3	1.4	-2.1%
Infrastructure Consortium for Africa	1.0	1.0	–	–	-100.0%	–	–	–	–	–
African Risk Capacity	–	–	–	–	–	–	7.7	8.1	8.6	0.1%
Capital	182.8	90.7	90.7	130.1	-10.7%	3.2%	136.1	143.7	151.7	5.2%
African Development Fund	92.1	–	–	73.5	-7.3%	1.1%	35.4	37.4	39.4	-18.7%
World Bank Group	90.7	90.7	90.7	56.7	-14.5%	2.1%	100.7	106.4	112.2	25.6%

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

2. Rand million.

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

8.1. Purpose

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.

8.2. Strategic Objectives

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 7.1 Ensure good governance and a robust control environment for fund administration	Ensure effective administration of funds where funds paid to eligible applicants and recipients are accurate, punctual and cost effective as required by the applicable legislation	<ul style="list-style-type: none">• Civil Pensions and Contributions to Funds• Military Pensions• Other Benefits
SO 7.2 Provide an improved and integrated customer service experience	Improve customer service by ensuring that customer complaints are resolved within agreed timelines; build relationships with employer departments through good communication	<ul style="list-style-type: none">• Civil Pensions and Contributions to Funds• Military Pensions• Other Benefits

8.3. Sub-Programme Overview

CIVIL PENSIONS AND CONTRIBUTIONS TO FUNDS

This sub-programme, consisting of post-retirement medical benefits, injury on duty and special pensions, provides for medical subsidies to retired civil servants and pension payments to injured and disabled civil servants, to the beneficiaries of deceased civil servants and to former struggle veterans.

MILITARY PENSIONS

This sub-programme provides for the payment of military pension benefits and medical claims arising from injuries sustained during various wars including the liberation wars. The payment includes pension payments and medical assistance including devices and other related expenses in terms of the Military Pensions Act.

OTHER BENEFITS

This sub-programme processes the payment of benefits to former members of legislative assemblies. These include payments to former members of the legislative assemblies of the former Venda, Transkei, Ciskei and Bophuthatswana governments; judges or their widows in terms of the Judges' Remuneration and Conditions of Employment Act (Act No. 88 of 1989); and former state presidents.

8.4. Strategic Plan Objective Annual and Medium Term Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strategic Objective 7.1: Ensure good governance and robust control environment for fund administration										
7.1 Improved audit outcomes	N/A	N/A	N/A	No repeat findings	No repeat findings	No repeat findings	No repeat findings	No repeat findings	No repeat findings	No repeat findings
Strategic Objective 7.2: Provide an improved and integrated customer service experience										
7.2 Percentage of customer complaints responded to	N/A	N/A	N/A	100%	100%	100%	100%	100%	100%	100%

8.5. Programme Performance Indicators and Annual Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE CURRENT YEAR	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Strategic Objective 7.1: Ensure good governance and robust control environment for fund administration								
7.1.1	Percentage of benefits validated for payment paid within liable dates			95%	96%	96%	100%	100%
7.1.2	Percentage compliance with SLA between NF and GPAA specifically Programme 7 related indicators			83%	97.5%	97.5%	100%	100%
7.1.3	Percentage integrity of client data			100%	80%	85%	90%	95%
Strategic Objective 7.2: Provide an improved and integrated customer service experience								
7.2.1	Percentage of customer service complaints responded to within seven days			100%	100%	100%	100%	100%

8.6. Performance Indicator Quarterly Targets for 2018/19

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 7.1: Ensure good governance and robust control environment for fund administration						
7.1.1	Percentage of benefits validated for payment paid within liable dates	96%	96%	96%	96%	96%
7.1.2	Percentage compliance with SLA between NT and GPAA specifically Programme 7 related indicators	97.5%	97.5%	97.5%	97.5%	97.5%
7.1.3	Percentage integrity of client data	85%	85%	85%	85%	85%
Strategic Objective 7.2: Provide an improved and integrated customer service experience						
7.2.1	Percentage of customer service complaints responded to within seven days	100%	100%	100%	100%	100%

8.7. Expenditure Trends and Estimates

Civil and Military Pensions, Contributions to Funds and Other Benefits expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: expenditure/total (%)	Medium term expenditure estimate			Average growth rate (%)	Average: expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2020/21
Government Pensions Administration Agency	54.4	56.6	61.3	65.2	6.2%	1.4%	68.9	72.7	76.7	5.6%	1.3%
Civil Pensions and Contributions to Funds	2 613.9	3 156.5	3 249.2	3 825.6	13.5%	75.9%	4 145.0	4 496.8	4 743.5	7.4%	80.2%
Military Pensions and Other Benefits	1 062.6	754.6	1 089.7	944.2	-3.9%	22.7%	950.0	1 005.0	1 061.1	4.0%	18.5%
Total	3 730.9	3 967.7	4 400.2	4 835.0	9.0%	100.0%	5 163.8	5 574.5	5 881.2	6.7%	100.0%
Change to 2017 Budget estimate				-			2.9	3.2	3.5		
Economic classification											
Current payments	54.4	56.6	61.3	65.2	6.2%	1.4%	68.9	72.7	76.7	5.6%	1.3%
Goods and services	54.4	56.6	61.3	65.2	6.2%	1.4%	68.9	72.7	76.7	5.6%	1.3%
of which:											
Consultants: Business and advisory services	54.4	56.6	61.3	65.2	6.2%	1.4%	68.9	72.7	76.7	5.6%	1.3%
Transfers and subsidies	3 676.5	3 911.1	4 338.9	4 769.8	9.1%	98.6%	5 094.9	5 501.8	5 804.5	6.8%	98.7%
Foreign governments and international organisations	2.3	2.1	1.2	2.6	3.9%	-	2.7	2.8	3.0	5.4%	0.1%
Households	3 674.2	3 909.0	4 337.6	4 767.2	9.1%	98.5%	5 092.2	5 498.9	5 801.5	6.8%	98.6%
Payments for financial assets	0.0	0.0	-	-	-100.0%	-	-	-	-	-	-
Total	3 730.9	3 967.7	4 400.2	4 835.0	9.0%	100.0%	5 163.8	5 574.5	5 881.2	6.7%	100.0%
Proportion of total programme expenditure to vote expenditure	14.2%	13.8%	15.6%	11.9%	-	-	17.6%	18.2%	17.9%	-	-
Details of transfers and subsidies											
Households											
Social benefits											
Current	3 674.2	3 909.0	4 337.6	4 767.2	9.1%	98.5%	5 092.2	5 498.9	5 801.5	6.8%	98.6%

8.7. Expenditure Trends and Estimates - continued

Civil and Military Pensions, Contributions to Funds and Other Benefits expenditure trends and estimates by sub-programme and economic classification											
Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average expenditure/total (%)	Medium term expenditure estimate			Average growth rate (%)	Average expenditure/total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21		
Contribution to provident funds for associated institutions	0.3	0.3	0.3	0.3	-2.2%	–	0.4	0.4	8.2%		
Other benefits	70.4	82.5	92.8	84.3	6.2%	1.9%	98.6	104.1	109.8	1.8%	
Injury on duty	526.4	514.9	563.5	577.2	3.1%	12.9%	652.3	688.8	726.7	12.3%	
Post-Retirement medical scheme	1 509.4	2 107.4	2 133.5	2 401.9	16.7%	48.1%	2 613.1	2 893.3	3 064.7	51.1%	
Special pensions	423.5	439.8	447.8	457.7	2.6%	10.4%	457.2	468.0	480.0	8.7%	
Political Office Bearers Pension Fund	72.0	–	–	291.2	59.3%	2.1%	306.1	323.2	341.0	5.9%	
Pension benefits: President of South Africa	7.9	7.3	7.7	7.8	-0.3%	0.2%	11.7	12.9	14.3	0.2%	
Military pensions: Ex-servicemen	11.7	2.9	2.3	3.4	-33.6%	0.1%	3.0	2.8	2.6	0.1%	
South African citizen force	155.9	166.2	175.5	180.1	4.9%	4.0%	193.6	205.3	217.1	3.7%	
Other benefits: Ex-servicemen	20.2	10.5	12.3	23.3	5.0%	0.4%	16.0	18.3	19.9	0.4%	
Non-statutory forces	874.8	575.0	899.6	737.3	-5.5%	18.2%	737.3	778.6	821.4	14.3%	
Post-retirement medical scheme - Parliamentary staff	1.7	2.2	2.4	2.6	15.8%	0.1%	2.9	3.2	3.5	0.1%	
Foreign governments and international organisations											
Current	2.3	2.1	1.2	2.6	3.9%	–	2.7	2.8	3.0	0.1%	
United Kingdom tax	2.3	2.1	1.2	2.6	3.9%	–	2.7	2.8	3.0	0.1%	

9. PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE

9.1. Purpose

This programme provides advisory services, programme management and development finance support to improve public finance management, support high-impact government initiatives, facilitate employment creation, and strengthen infrastructure planning and delivery.

9.2. Strategic Objectives

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	SUB-PROGRAMMES
SO 8.1 Establish the GTAC as a centre of excellence in public sector advisory services, transaction support, project management and public finance management	Build public sector capacity through diagnostic and advisory services and support for organisational development, specialised procurement, improved public finance management and programme and project implementation	<ul style="list-style-type: none"> GTAC
SO 8.2 Local government financial management improvement	Strengthen public finance management capacity in municipalities and support provincial treasury oversight of local government financial management	<ul style="list-style-type: none"> Financial Management Grant
SO 8.3 Promotion of urban integration and neighbourhood development	Promote public and private investment in city development, integrated urban networks and neighbourhood development initiatives	<ul style="list-style-type: none"> Urban Development and Support Neighbourhood Development Partnership Grant Integrated City Development Grant
SO 8.4 Facilitation of employment creation and inclusive growth	Promote innovative and partnership-based approaches to employment creation, work-seeker support and enterprise development	<ul style="list-style-type: none"> Employment Creation Facilitation Jobs Fund
SO 8.5 Improved infrastructure planning, management and skills development	Support infrastructure planning, implementation and skills development in provinces and municipalities	<ul style="list-style-type: none"> Infrastructure Development Support Infrastructure Skills Development Grant Infrastructure Delivery Improvement Programme

9.3. Sub-Programmes

GOVERNMENT TECHNICAL ADVISORY CENTRE (GTAC)

GTAC draws its mandate from the responsibility of National Treasury to promote transparency and the effective management of public finances and to assist organs of state in building their capacity for efficient, effective and transparent financial management, as set out in section 6 of the Public Finance Management Act (PFMA). GTAC was established as a government component in terms of section 7A(4) of the Public Service Act (Act No. 103 of 1994) through Government Notice 261, Gazette 35194, of 30 March 2012. GTAC is a component of National Treasury. GTAC's financing streams include core funding from National Treasury, donor funding from international partners, and cost recovery on the provision of services.

GTAC's scheduled functions are:

- To render technical consulting services to centre-of-government departments and organs of state
- To provide specialised procurement support for high-impact government initiatives
- To provide advice on the feasibility of infrastructure projects

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

- To provide knowledge management for projects undertaken
- Anything ancillary to the functions listed

In support of National Treasury and its functions as set out in the PFMA, GTAC's responsibilities include the following:

- Advising on the feasibility and financing of major capital projects and the investment requirements of state-owned companies
- Supporting PPP transactions, in keeping with provisions of the PFMA and Treasury Regulations
- Undertaking expenditure and performance reviews for National Treasury and the DPME
- Providing support for budgetary and public finance management reform, enhancing accountability, transparency and effective service delivery
- Advising on organisational development, strategic planning and operational improvements in public service delivery
- Providing support for infrastructure investment, economic development and social service delivery improvements, in line with the NDP and the MTSF

GTAC's long term strategic intent is to provide a centre of excellence in policy advice and public finance management, in partnership with academic and research centres focused on public-sector management and training. In partnership with the Southern African Labour and Development Research Unit at the University of Cape Town, GTAC supports a research programme on employment, income distribution and inclusive growth and seeks to promote public discourse and understanding of public policy, social and economic development and public finance management through publications, consultative forums and dialogue.

On behalf of National Treasury, GTAC administers the Employment Creation Facilitation Programme and the Municipal Finance Improvement Programme, and contributes to the City Support and Infrastructure Delivery Improvement Programmes of the Intergovernmental Relations division.

Within the context of the NDP and the MTSF, GTAC contributes to building a capable and development-oriented state while also strengthening capacity to work with the private sector in promoting growth, employment, infrastructure investment and public service delivery.

For the medium term period ahead, GTAC's activities are organised as follows:

- *Management Support Services:* Strategy, management and communications, financial management, human capital management, including human resources management and professional services procurement
- *Transaction and Advisory Services:* Public policy and finance advice, organisational development, planning and project management services, advice and support to departments, municipalities and public entities on PPPs and high-impact procurement projects; transaction and contract management support for large or complex procurement processes. Advice and support for infrastructure and development finance, analysis of public expenditure and performance, environmental economics, state actuarial advice and capital project appraisal
- *Programme Management Services:* Planning and administration of the Jobs Fund, monitoring and evaluation of projects and support for employment-related research and planning, administration and monitoring of the MFIP III programme

LOCAL GOVERNMENT FINANCIAL MANAGEMENT SUPPORT

The Local Government Financial Management Support sub-programme has one component:

- The Municipal Finance Improvement Programme (MFIP), which provides technical assistance and support to National Treasury, provincial treasuries and municipalities by placing long term advisors with experience and expertise in municipal financial management to facilitate key reforms, improvements and skills transfer

The third phase of the MFIP (MFIP III) commenced in April 2017 and draws extensively on the experiences and lessons of the first two

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

phases of the programme. The MFIP is administered by a Programme Management Unit (PMU) located functionally in the Office of the Accountant-General and is led by the Head of the Programme Management (PMU). GTAC provides administrative support to the PMU. Its responsibilities include assigning municipal finance specialists to assist national and provincial treasuries to improve their ability to monitor and support municipalities, and placing long term advisors directly at municipalities, based on requests for assistance and diagnostic assessment outcomes.

The main intended outcomes of the MFIP are improved financial management capacity, qualified finance officers, enhanced budget and financial management practices, and improved financial health and audit outcomes. The MFIP is overseen by a steering committee chaired by the Accountant-General and constituted by national and provincial programme stakeholders.

URBAN DEVELOPMENT AND SUPPORT

Urban Development and Support consists of two programmes:

The *Neighbourhood Development Partnership Programme*, which supports municipal planning and investment in targeted locations, aimed at attracting and sustaining third-party capital investment and business development towards spatial and economic transformation, with a focus on improving the quality of life and access to opportunities in under-served townships or settlements.

The *Neighbourhood Development Partnership Grant (NDPG)* was introduced in 2006 with an initial commitment of R10 billion to invest in under-served residential neighborhoods and to leverage private sector development in these areas.

The NDP's Urban Network Strategy targets urban hub precincts with secondary linkages to under-served residential areas and built environment upgrade projects in urban or rural townships. The NDPG consists of two complementary components: a technical assistance grant for municipal planning of potential capital projects within urban hubs across sectors and spheres, and a capital grant for funding selected catalytic projects within urban hubs.

The programme aims to encourage complementary public and private investment in these targeted locations and in this way contribute to the broader goal of livable, sustainable, resilient, efficient and integrated towns and cities. The Urban Network Strategy aims to optimise the spatial impact of public infrastructure investment, fiscal and regulatory measures and coordinated urban management in identified transit-oriented urban hubs. NDP projects in rural municipalities are supported in collaboration with the Department of Rural Development and Land Reform.

The *Cities Support Programme (CSP)* aims to promote cities that are inclusive, productive and sustainable through accelerated and more inclusive development in major urban areas. This is delivered by focusing on improvements to cities' governance and built environment planning, improved human settlements and public transport management, local economic development and environmental sustainability as well as climate resilience. The CSP includes technical assistance, peer learning, collaborative reviews and development finance support and is implemented through a partnership model that includes the Development Bank of Southern Africa, the World Bank, SA Cities Network and GTAC.

The *Integrated City Development Grant (ICDG)* was introduced in 2013/14 and is a component of National Treasury's broader Cities Support Programme (CSP). The ICDG is intended as an incentive to metropolitan municipalities to strengthen planning and delivery capacity and to target infrastructure spending to transform inefficient urban landscapes into more inclusive, productive and sustainable spatial forms. Eligibility is restricted to municipalities with sound financial management and acceptable levels of capital expenditure performance. To receive the first 2015/16 transfer of the ICDG, municipalities must approve and submit a Built Environment Performance Plan (BEPP) that identifies catalytic projects and associated outcome targets for identified integration zones. Subsequent transfers will be linked to progress reports on these projects.

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

The NDPG is administered by the Neighbourhood Development Programme under the Intergovernmental Relations division, while the CSP reports to the Provincial and Local Government Infrastructure units of the Intergovernmental Relations division.

EMPLOYMENT CREATION FACILITATION

The Employment Creation Facilitation sub-programme was introduced in 2011 to contribute to employment and inclusive growth by supporting innovative approaches to job creation and enterprise development. The main component of the programme is the Jobs Fund, a multi-year R9 billion investment which leverages complementary funding from public and private sector project partners. It operates as a “challenge fund” and allocates matching grants following a competitive, open and transparent application process. Project allocations are made by an independent investment committee.

As at 30 June 2016, the Jobs Fund had completed five funding rounds and approved 104 projects with a total grant value of R5.42 billion. Commitments by project partners amounted to a further R6.37 billion. The approved projects target the creation of 126 547 new permanent jobs, 88 997 permanent placements in existing vacant jobs and 222 377 training opportunities. Enterprise development and work-seeker support projects account for the bulk of project allocations and employment commitments.

A further call for proposals was initiated in November 2015 aimed at providing financial assistance for new and innovative initiatives that had high potential for direct job creation in the short to medium term and/or were focused on reducing barriers to job creation. These initiatives had to display the potential for triggering systemic change in the South African market, thus unlocking long term job creation. Concept note applications for this round opened on 17 November 2015 and closed on 1 February 2016. To date, 21 projects have been approved but the final outcome from this round is set to be confirmed by the Jobs Fund Investment Committee (IC) by the end of the year. Once these have been confirmed, their contracted targets will be added to the current portfolio targets, which will result in a possible new permanent job target of at least 140 000 and a permanent placement target of 98 000.

The Employment Facilitation sub-programme also supports a research project (*REDI3x3*), based at the Southern African Labour and Development Research Unit at the University of Cape Town, and the www.econ3x3.org web forum which publishes accessible policy-relevant research on employment, income distribution and inclusive growth.

INFRASTRUCTURE DEVELOPMENT SUPPORT

The Infrastructure Development Support sub-programme consists of two elements:

The *Infrastructure Skills Development Grant (ISDG)*, which assists municipalities to provide built environment graduates with training and support leading to professional registration.

The *Infrastructure Delivery Improvement Programme (IDIP)*, which provides advisory and technical support to provincial departments of health, education and public works, and to selected municipalities, to improve infrastructure planning, procurement and contract management.

Municipalities apply for funding from the ISDG through a business plan which demonstrates that they have suitable projects, and training and mentoring capacity to support identified graduates in engineering, town planning, architecture, quantity surveying, geographic information systems and project management on the “road-to-registration” with the relevant statutory councils. The business plan must include an absorption strategy for successful candidates in the applicant municipality or in another municipality.

The key intended outcomes of the grant are to develop technical capacity in local government and increase the number of qualified and professionally registered graduates in built environment disciplines. The grant is administered by the Provincial and Local Government Infrastructure Unit of the Intergovernmental Relations division and its requirements are set out in the ISDG Guidelines published by the unit.

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

The Provincial and Local Government Infrastructure Unit is also responsible for the IDIP, through which experienced professional advisors are assigned to provincial departments or municipalities to assist with developing infrastructure planning and project management capacity. Currently in its third phase, the IDIP programme includes implementation support for the Infrastructure Delivery Management System (IDMS) developed in partnership with the Construction Industry Development Board. The programme is implemented in cooperation with the national departments of Basic Education, Health and Public Works.

GAUTRAIN LOAN

Programme 8 includes provision for the repayment of the R4.2 billion loan to Gauteng Province that was provided in 2009/10 to contribute to the investment requirements of the Gautrain project. The final payment was made in April 2017.

9.4 Strategic Plan Objective Annual and Medium Term Targets

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE				ESTIMATED PERFORMANCE	PLANNED PERFORMANCE CURRENT YEAR	MEDIUM TERM TARGETS (MTEF)					
	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strategic Objective 8. Establishment of GTAC as a centre of excellence in public sector advisory services, transaction support, project management and public finance management												
8.1	Management support delivers an unqualified audit	N/A	N/A	N/A	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit
Strategic Objective 8.2: Local government financial management improvement												
8.2	Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP) ⁶³	N/A	N/A	N/A	50	60	60	70	70	70	70	70
Strategic Objective 8.3: Promotion of urban integration and neighbourhood development												
8.3	Number of Urban Integration and Neighbourhood development initiatives supported	None	None	None	34	46	44	44	48	48	48	48
Strategic Objective 8.4: Facilitation of employment creation and inclusive growth												
8.4	Number of permanent jobs created (cumulative across the term of the programme)	N/A	N/A	N/A	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000
Strategic Objective 8.5: Improved infrastructure planning, management and skills development												
8.5	Number of capacity improvement initiatives in infrastructure planning, management and skills development done	N/A	N/A	N/A	557	1007	1007	1007	1007	1007	1007	1007

9.5. Programme Performance Indicators and Annual Targets

PERFORMANCE INDICATOR		AUDITED/ACTUAL PERFORMANCE		CURRENT YEAR PERFORMANCE	PLANNED PERFORMANCE	MEDIUM TERM TARGETS (MTEP)			
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Strategic Objective 8.1: Establishment of GTAC as a centre of excellence in public sector advisory services, transaction support, project management and public finance management									
8.1.1	Number of GTAC monitoring reports reporting on progress produced	N/A	N/A	4	4	4	4	4	4
8.1.2	Number of technical advisory projects supported ⁶⁴	93	135	84	120	80	90	100	100
8.1.3	Number of transaction advisory projects registered ⁶⁵	N/A	N/A	25	15	17	17	17	17
8.1.4	Number of capital project appraisal reports completed	N/A	N/A	5	5	5	5	5	5
8.1.5	Number of performance and expenditure reviews supported ⁶⁶	N/A	N/A	10 per year	10 per year	5	5	5	5
Strategic Objective 8.2: Local government financial management improvement									
8.2.1	Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP) ⁶⁷	N/A	N/A	N/A	50	60	60	70	70
Strategic Objective 8.3: Promotion of urban integration and neighborhood development									
8.3.1	Number of investment plans completed ⁶⁸	N/A	N/A	4	4	4	2	2	2
8.3.2	Number of catalytic projects approved	317	352	360	20	20	20	20	20
8.3.3	Number of programmes in Integration Zones identified for planning ⁶⁹	14	13	12	12	12	12	12	14
8.3.4	Number of programmes in Integration Zones under implementation ⁷⁰	3	13	8	10	10	10	10	12
Strategic Objective 8.4: Facilitation of employment creation and inclusive growth									
8.4.1	Number of Jobs Fund projects approved (cumulative across the term of project)	89	104	125	140	150	150	150	150
8.4.2	Grant funding approved (cumulative across the term of project)	R4 661 m	R5 499 m	R6 508 m	R7 000 m	R7 880 m	R7 880 m	R7 880 m	R7 880 m
8.4.3	Matched funding committed (cumulative across the term of project)	R6 823 m	R6 398 m	R9 099 m	R7 000 m	R7 880 m	R7 880 m	R7 880 m	R7 880 m
8.4.4	New jobs contracted (cumulative across the term of project)	132 725	119 888	136 069	150 000	150 000	150 000	150 000	150 000
8.4.5	Number of placements contracted (cumulative across the term of project)	84 513	85 851	90 087	100 000	105 000	105 000	105 000	105 000

9.5. Programme Performance Indicators and Annual Targets - continued

PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			CURRENT YEAR PERFORMANCE	PLANNED PERFORMANCE	MEDIUM TERM TARGETS (MTEF)		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
8.4.6 Number of training opportunities contracted (cumulative across the term of project)	204 566	207 291	224 089	227 000	240 000	240 000	240 000	240 000
8.4.7 Value of grant funding disbursed (cumulative across the term of project) ⁷¹	R2 542m	R 3 227m	R3 734m	R4 677m	R5 015m	R 5 915m	R6 865m	R7 880m
8.4.8 Number of Jobs Fund evaluation reports and dissemination of learning conducted	2	3 reports 1 event	Mid-term evaluation report 1 learning event	Portfolio of evaluation 1 learning event	2 project evaluation reports 1 learning event	2 project evaluation reports 1 learning event	2 project evaluation reports 1 learning event	2 project evaluation reports 1 learning event
Strategic Objective 8.5: Improved infrastructure planning, management and skills development								
8.5.1 Percentage response to procure approved Professional Service Providers to assist with institutionalising the IDMS ⁷²	#	#	#	100%	100%	100%	100%	100%
8.5.2 Number of officials trained on the infrastructure delivery management system initiatives ⁷³	340	183	160	100	500	500	500	500
8.5.3 Number of graduates in training for professional registration	424	435	435	400	500	500	500	500
8.5.4 Number of capacity improvement initiatives undertaken to support infrastructure delivery ⁷⁴	#	#	#	9	7	7	7	7

9.6. Programme Performance Indicator Quarterly Targets for 2018/19

PERFORMANCE INDICATOR	2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Strategic Objective 8.1: Establishment of GTAC as a centre of excellence in public sector advisory services, transaction support, project management and public finance management					
8.1.1 Number of GTAC quarterly monitoring reports reporting on progress produced	4	1	1	1	1
8.1.2 Number of technical advisory projects supported	80	N/A	N/A	N/A	80
8.1.3 Number of transaction advisory projects registered	17	N/A	N/A	N/A	17
8.1.4 Number of capital project appraisal reports completed	5	N/A	N/A	N/A	5
8.1.5 Number of performance and expenditure reviews supported	5	N/A	N/A	N/A	5
Strategic Objective 8.2: Local government financial management improvement					
8.2.1 Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP)	60	60	60	60	60
Strategic Objective 8.3: Promotion of urban integration and neighbourhood development					
8.3.1 Number of investment plans completed	4	1	1	1	1
8.3.2 Number of catalytic projects approved	20	5	5	5	5
8.3.3 Number of programmes in Integration Zones identified for planning	12	0	4	6	2
8.3.4 Number of programmes in Integration Zones under implementation	10	4	6	0	0
Strategic Objective 8.4: Facilitation of employment creation and inclusive growth					
8.4.1 Number of Jobs Fund projects approved (cumulative across the term of the project)	150	N/A	N/A	N/A	150
8.4.2 Grant funding approved (cumulative across the term of the project)	R7 880m	N/A	N/A	N/A	R7 880m
8.4.3 Matched funding committed (cumulative across the term of project)	R7 880m	N/A	N/A	N/A	R7 880m
8.4.4 New jobs contracted (cumulative across the term of project)	150 000	N/A	146 000	N/A	150 000
8.4.5 Number of placements contracted (cumulative across the term of project)	105 000	N/A	102 000	N/A	105 000
8.4.6 Number of training opportunities contracted (cumulative across the term of project)	240 000	N/A	233 000	N/A	240 000
8.4.7 Value of grant funding disbursed (cumulative across the term of project)	R5 015m	N/A	N/A	N/A	R5 015m

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued**9.6. Programme Performance Indicator Quarterly Targets for 2018/19 - continued**

PERFORMANCE INDICATOR		2018/19 ANNUAL TARGETS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
8.4.8	Number of Jobs Fund evaluation reports and dissemination of learning conducted	2 project evaluation reports	N/A	N/A	1 project evaluation report	1 project evaluation report
		1 learning event	N/A	N/A	1 learning event	N/A
Strategic Objective 8.5: Improved infrastructure planning, management and skills development						
8.5.1	Percentage response to procure approved Professional Service Providers to assist with institutionalising the IDMS	100%	100%	100%	100%	100%
8.5.2	Number of officials trained on the infrastructure delivery management system initiatives	500	100	150	150	100
8.5.3	Number of graduates in training for professional registration	500	N/A	N/A	N/A	500
8.5.4	Number of capacity improvement initiatives undertaken to support infrastructure delivery	7	N/A	N/A	N/A	7

9.7. Expenditure Trends and Estimates

Technical Support and Development Finance expenditure trends and estimates by subprogramme and economic classification											
Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure / total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure / total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	
Local Government Financial Management Support	547.9	573.9	587.9	627.8	4.6%	22.5%	645.5	681.4	1 232.9	25.2%	26.4%
Urban Development and Support	875.4	848.3	873.9	983.3	3.9%	34.4%	924.8	962.2	1 015.0	1.1%	32.2%
Employment Creation Facilitation	1 213.2	749.5	698.2	610.0	-20.5%	31.4%	875.3	970.5	1 084.1	21.1%	29.3%
Government Technical Advisory Centre	79.8	83.6	88.0	80.8	0.4%	3.2%	71.9	76.5	81.2	0.2%	2.6%
Infrastructure Development Support	177.1	216.9	230.4	256.7	13.2%	8.5%	281.4	297.1	313.8	6.9%	9.5%
Total	2 893.3	2 472.2	2 478.4	2 558.5	-4.0%	100.0%	2 798.8	2 987.8	3 726.9	13.4%	100.0%
Change to 2017 Budget estimate				(314.8)			(431.5)	(422.2)	(385.0)		
Economic classification											
Current payments	91.7	283.8	310.4	354.4	57.0%	10.0%	407.8	430.6	454.3	8.6%	13.6%
Compensation of employees	5.4	-	-	-	-100.0%	0.1%	-	-	-	-	-
Goods and services	86.2	283.8	310.4	354.4	60.2%	9.9%	407.8	430.6	454.3	8.6%	13.6%
<i>of which:</i>											
<i>Administrative fees</i>	<i>0.5</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-100.0%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Advertising</i>	<i>0.1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-100.0%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Minor assets</i>	<i>0.6</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-100.0%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Consultants: Business and advisory services</i>	<i>83.0</i>	<i>283.8</i>	<i>310.4</i>	<i>354.4</i>	<i>62.2%</i>	<i>9.9%</i>	<i>407.8</i>	<i>430.6</i>	<i>454.3</i>	<i>8.6%</i>	<i>13.6%</i>
Transfers and subsidies	2 800.7	2 188.4	2 168.0	2 204.1	-7.7%	90.0%	2 391.1	2 557.1	3 272.6	14.1%	86.4%
Provinces and municipalities	1 399.0	1 411.8	1 454.4	1 598.3	4.5%	56.4%	1 541.5	1 613.5	2 216.3	11.5%	57.7%

PART B: PROGRAMME AND SUB-PROGRAMME PLANS - Continued

9.7. Expenditure Trends and Estimates - continued

Technical Support and Development Finance expenditure trends and estimates by subprogramme and economic classification									
Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average Expenditure / total (%)	Medium-term expenditure estimate	Average growth rate (%)	Average Expenditure / total (%)
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2014/15 - 2017/18	2018/19	2019/20	2017/18 - 2020/21
Departmental agencies and accounts	138.1	776.6	713.6	605.8	63.7%	21.5%	849.5	943.6	20.4%
Public corporations and private enterprises	1 263.7	–	–	–	-100.0%	12.1%	–	–	–
Payments for capital assets	1.0	–	–	–	-100.0%	–	–	–	–
Machinery and equipment	1.0	–	–	–	-100.0%	–	–	–	–
Total	2 893.3	2 472.2	2 478.4	2 558.5	-4.0%	100.0%	2 798.8	2 987.8	13.4%
Proportion of total programme expenditure to vote expenditure	11.1%	8.6%	8.8%	6.3%	–	–	9.5%	9.8%	–
Details of transfers and subsidies									
Departmental agencies and accounts									
Departmental agencies (non-business entities)									
Current	137.7	776.1	713.6	605.0	63.8%	21.5%	848.8	942.8	20.4%
Government Technical Advisory Centre	107.7	776.1	713.6	605.0	77.8%	21.2%	848.8	942.8	20.4%
Neighbourhood development partnership grant (Indirect)	30.0	–	–	–	-100.0%	0.3%	–	–	–
Capital	0.4	0.5	–	0.7	25.5%	–	0.8	0.8	5.6%
Government Technical Advisory Centre	0.4	0.5	–	0.7	25.5%	–	0.8	0.8	5.6%
Public corporations and private enterprises									
Public corporations									
Other transfers to public corporations									
Current	1 263.7	–	–	–	-100.0%	12.1%	–	–	–
Development Bank of Southern Africa	1 164.9	–	–	–	-100.0%	11.2%	–	–	–
Municipal Finance Improvement Programme	98.8	–	–	–	-100.0%	0.9%	–	–	–

9.7. Expenditure Trends and Estimates - continued

Technical Support and Development Finance expenditure trends and estimates by subprogramme and economic classification											
Subprogramme	2014/15	2015/16	2016/17	Adjusted outcome appropriation	Average growth rate (%)	Average: Expenditure / total (%)	Medium-term expenditure estimate	Average growth rate (%)	Average: Expenditure / total (%)		
R million	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	553.6	577.0	595.7	642.8	5.1%	22.8%	646.1	682.2	1 234.1	24.3%	26.6%
Local government financial management grant	449.1	452.5	465.3	502.0	3.8%	18.0%	504.6	532.8	561.7	3.8%	17.4%
Infrastructure skills development grant	104.4	124.5	130.5	140.8	10.5%	4.8%	141.5	149.4	157.9	3.9%	4.9%
Municipal restructuring grant	–	–	–	–	–	–	–	–	514.4	–	4.3%
Capital	845.4	834.9	858.7	955.5	4.2%	33.6%	895.5	931.2	982.3	0.9%	31.2%
Integrated city development grant	255.0	251.3	266.8	292.1	4.6%	10.2%	293.6	310.1	327.3	3.9%	10.1%
Neighbourhood development partnership grant	590.4	583.6	591.9	663.4	4.0%	23.4%	601.9	621.2	654.9	-0.4%	21.1%



**ANNUAL PERFORMANCE PLAN
2018/19**

PART C:
LINKS TO OTHER PLANS



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PART C: LINKS TO OTHER PLANS

10. LINKS TO LONG TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

The department does not have any long term infrastructure or capital projects or plans.

11. CONDITIONAL GRANTS

No changes to status of the conditional grants noting the possible effect of budget constraints.

- Local Government: Financial Management Grant
- Integrated City Development Grant
- Neighbourhood Development Partnership Grant
- Infrastructure Skills Development Grant
- Capital Grant
- Technical Assistance Grant

12. PUBLIC-PRIVATE PARTNERSHIPS

The department does not have any public-private partnerships.

13. PUBLIC ENTITIES REPORTING TO THE MINISTER

There are no significant changes to the *status quo* relating to the public entities overseen by National Treasury. Eighteen entities report to the Minister of Finance through governance arrangements that give them autonomy but also enable them to align their strategies with government policy. Eight of these entities - the South African Revenue Service (SARS), the Office of the Tax Ombud (OTO), the Financial Intelligence Centre (FIC), the Accounting Standards Board (ASB), the Co-operative Banks Development Agency (CBDA), the Financial and Fiscal Commission (FFC), Government Technical Advisory Centre (GTAC), and the Independent Regulatory Board for Auditors (IRBA) – receive transfers from National Treasury.

The remaining ten are self-funded and generate their own revenue. These are the Financial Services Board (FSB), the Ombud for Financial Service Providers (FAIS Ombud), the Office of the Pension Fund Adjudicator (OPFA), the Government Pensions Administration Agency (GPAA), the Government Employees Pension Fund (GEPF), the Development Bank of Southern Africa (DBSA), the Public Investment Corporation (PIC), the Land and Agricultural Development Bank of South Africa (Land Bank), South African Airways (SAA) and the South African Special Risks Insurance Association (SASRIA). Each entity develops and reports on its own strategic and corporate plan.



**ANNUAL PERFORMANCE PLAN
2018/19**

PART D:
ANNEXURES



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

14. ENDNOTES

APPLICABLE TO ALL PROGRAMMES

- The department has developed new indicators or revised its indicators and/or targets to strengthen compliance with the framework of strategic plans, to align with outcomes performance reporting and/or to address findings by the Auditor-General. Please refer to these end notes for information on actual amendments made and the published Annual Report for actual information reported on similar indicators.

N/A – No target set for the period.

¹ Arising out of the DPME review, the following performance indicators monitored in the previous financial year's APP have been reassigned to operational monitoring:

- Performance Indicator 1.1.2 "Percentage of knowledge management (KM) strategy implemented".
- Performance Indicator 1.1.3 "Percentage of funded positions filled".
- Performance Indicator 1.2.4 "Number of vetting forms completed by staff group, submitted to State Security Agency (SSA)".

² Performance indicator 1.2.2 "Number of quarterly risk implementation assessment reports produced" revised. Previously "Produce approved annual strategic risk mitigation plan and quarterly risk implementation assessment reports".

³ Performance indicator 1.2.3 "Number of quarterly reports on monitored performance of entities reporting to MOF" revised. Previously "Number of entities reporting to MOF reviewed quarterly reports submitted for the Minister's consideration".

⁴ Performance Indicator 2.1.1 "Number of papers published in association with academic research institutions" targets reduced due to a reduction in funding

⁵ Performance Indicator 2.2.1 "Twin Peaks model legislation implemented" revised. Previously "Enact Twin Peaks model legislation".

⁶ Performance Indicator 2.4.1 "Number of economic models maintained" targets reduced due to reduced capacity.

⁷ Performance Indicator 2.4.3 "Chapter 2 of the MTBPS and Budget Review published" MTEF and Quarterly targets refined to include descriptor "documents".

⁸ Performance Indicator 2.3.2 "Implement legislation to give effect to tax proposals from the Budget" quarterly targets refined.

⁹ Performance Indicator 3.6 "Number of legislatively required Budget Council and Forum meetings held" revised. Previously "Number of budget council meetings held".

¹⁰ Performance Indicator 3.1.1 "Maintain the expenditure ceiling" revised. Previously "Difference between the expenditure tabled for the MTEF years within the expenditure ceiling in the MTBPS and the expenditure ceiling tabled for the MTEF years in the February budget".

¹¹ Performance Indicator 3.2.1 "Number of budget guidelines issued" targets revised. The component "1 programme scheduling MTEC meeting drafted by July" monitored in the previous financial year has been reassigned to operational monitoring.

PART D: ANNEXURES - Continued

¹² Performance Indicator 3.2.2 "Obtain budget expenditure allocation decisions from the executive" revised. Previously "Budget decision making processes coordinated and adherence to timelines for budget allocation recommendations based on departmental budget submissions".

¹³ Performance Indicator 3.2.2 "Obtain budget expenditure allocation decisions from the executive" targets revised. The component "Various funding recommendations to the MTEC, the Ministers' Committee on the Budget (MINCOMBUD) and Cabinet within budget calendar timelines" has been reassigned to operational monitoring.

¹⁴ Performance Indicator 3.4.1 "Percentage replies to departmental requests for PFMA and TR approvals, sectoral analysis and policy advice" revised. Previously "Percentage adherence to timelines for PFMA and Treasury Regulation approvals, sectoral analysis and policy advice".

¹⁵ Performance Indicator 3.4.3 "Number of In Year Monitoring (IYM) feedback reports to departments" revised. Previously "Number of monthly expenditure feedback reports to department".

¹⁶ Performance Indicator 3.4.4 "Number of quarterly expenditure reports submitted to the Standing Committee on Appropriations" targets revised to enhance efficiency as previous individual reports submitted have now been replaced by a consolidated report.

¹⁷ Performance Indicator 3.6.3 "Number of plans assessed to support improvements in infrastructure planning and implementation in provinces" revised. Previously "Number of plans assessed to support improvements in infrastructure planning in provinces".

¹⁸ Performance Indicator 3.6.4 "Number of built environment performance plans assessed to support improvement in the metropolitan municipalities" revised. Previously "Number of built environment performance plans assessed to support improvement in the built environment".

¹⁹ Performance Indicator 3.6.5 "Number of capacity building initiatives to facilitate improved planning, budgeting and financial management" revised. Previously "Number of capacity building initiatives (workshops and courses) to facilitate improved planning, budgeting and financial management".

²⁰ Performance Indicator 3.6.5 "Number of capacity building initiatives to facilitate improved planning, budgeting and financial management" targets revised due to resource constraints.

²¹ Performance Indicator 3.6.6 "Number of quarterly financial reports published" revised. Previously "Number of quarterly financial reports produced and published to comply with Section 32 of the PFMA".

²² Performance Indicator 3.6.8 "Number of annual municipal routine reports published" revised. Previously "Number of reports published in terms of MFMA and DoRA".

²³ Performance Indicator 3.6.8 "Number of annual municipal routine reports published" targets revised with reallocations to Performance Indicator 3.6.6 "Number of quarterly financial reports published".

²⁴ Performance Indicator 3.6.10 "Number of municipal budgeting and reporting reforms implemented" targets revised as the municipal Standard Chart of Accounts (mSCOA) will be concluded.

²⁵ Performance Indicator 4.2 "Percentage of optimal debt management and funding of government borrowing requirements met" revised. Previously "Optimal debt management and funding of government borrowing requirements met".

PART D: ANNEXURES - Continued

²⁶ Performance Indicator 4.1.1 "Percentage of complete corporate plans received from Schedule 2 and 3B public entities reviewed" revised. Previously "Percentage of corporate plans of Schedule 2 and 3B SOCs, development finance institutions (DFIs) and waterboards (WBs) received and reviewed within four months of receipt".

²⁷ Performance Indicator 4.1.2 "Percentage of annual reports received from Schedule 2 and 3B public entities reviewed" revised. Previously "Percentage of annual reports of Schedule 2 and 3B SOCs, DFIs and WBs received and reviewed within four months of receipt".

²⁸ Performance Indicator 4.1.3 "Percentage of complete PFMA Section 54(2), 52, 55 and 92 applications received from Schedule 2 and 3B public entities reviewed" revised. Previously "Percentage of complete PFMA Section 54(2), 52, 55 and 92 applications received from Schedule 2 and 3B SOCs, DFIs and WBs reviewed within stipulated timeframes".

²⁹ Performance Indicator 4.1.4 "Percentage of complete guarantee applications received from Schedule 2 and 3B public entities reviewed" revised. Previously "Percentage of complete guarantee applications received from Schedule 2 and 3B SOCs, DFIs and WBs reviewed within stipulated timeframes".

³⁰ Performance Indicator 4.1.5 "Percentage of received MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B public entities reviewed" revised. Previously "Percentage of MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B SOCs and WBs reviewed within stipulated timeframes".

³¹ Performance Indicator 4.1.6 "Percentage of complete remuneration review requests of executive and non-executive directors received from Schedule 2 and 3B public entities reporting to the Minister of Finance reviewed" revised. Previously "Percentage of reports on the review of Schedule 2 and 3B SOCs, DFIs and WB remuneration".

³² Performance Indicator 4.1.7 "Percentage of complete board appointments recommendations from Schedule 2 and 3B public entities reporting to the Minister of Finance received and reviewed" revised. Previously "Percentage of reports on the review of Schedule 2 Board composition".

Performance Indicator "Percentage of annual reports and corporate plans received from Schedule 2 and 3B SOCs reporting to NT (SAA, PIC, DBSA, Land Bank, Sasria) tabled in Parliament within the required timescale (30 September each year)" monitored in the previous financial year has been removed as it is not within the ambit of National Treasury Programme 4 responsibilities.

Performance Indicator "Percentage of funding applications received from Schedule 2 and 3B SOCs, DFIs and WBs reviewed within stipulated timeframes monitored in the previous financial year" has been removed as it is not within the Programme 4 ambit of control.

Performance Indicator "Percentage of reviews requested of legislation, policies and strategies impacting on Schedule 2 and 3B SOCs, DFIs and WBs conducted within stipulated timeframes" monitored in the previous financial year has been reassigned to operational monitoring.

Performance Indicator "Percentage completion of the NT Best Practice guidelines monitored" in the previous financial year has been reassigned to operational monitoring.

³³ Performance indicator 5.1.11 "FMCMM modules revised" removed pending the allocation of funding.

PART D: ANNEXURES - Continued

³⁴ The following performance indicators monitored in the previous financial year APP have been reassigned to operational monitoring:

- "Number of assessments conducted of IA and state of readiness for quality assurance reviews and adoption of best practices to assess compliance with PFMA, MFMA and international professional practice standards".
- "Number of financial management assessment tools modules for local government either developed, updated or maintained".
- "Percentage of bid specifications reviewed for alignment with policy and other applicable procurement instructions".
- "Percentage of contracts awarded reviewed to verify if contract delivery is in line with the specifications".
- "Number of procurement spend reports published".
- "Number of departments enabled on a centralised electronic quotation system".
- "Number of contract management solution developed and implemented".

³⁵ Performance Indicator 5.1.1 "Number of workshops presented on IA and risk management guidelines" revised. Previously "Number of institutions workshopped on IA and risk management guidelines".

³⁶ Performance Indicator 5.1.3 "Number of support plans developed for government entities struggling with financial management as identified in audit reports" revised. Previously "Number of support plans developed for government entities struggling at lower levels of IA implementation as in the Financial Management Capability Maturity Model (FMCMM)".

³⁷ Performance Indicator 5.1.4 "Number of training sessions conducted in risk management" revised. Previously "Number of public sector officials trained in risk management".

³⁸ Performance Indicator 5.1.4 "Number of training sessions conducted in risk management" targets aligned to revised performance indicator.

³⁹ Performance Indicator 5.1.5 "Number of guidelines on risk management curriculum developed for institutions of higher learning" revised. Previously "Number institutions of higher learning workshopped on the risk management curriculum".

⁴⁰ Performance Indicator 5.1.6 "Number of monitoring reports on improvement of financial management in national and provincial institutions produced" revised. Previously "Number of monitoring improvement of financial management in national and provincial institutions reports produced".

⁴¹ Performance Indicator 5.1.6 "Number of monitoring reports on improvement of financial management in national and provincial institutions produced" targets revised to align with reporting cycle.

⁴² Performance Indicator 5.1.8 "Number of training sessions provided to support PFMA institutions on the implementation of Treasury Regulations, Treasury Instructions and guidelines" revised. Previously "Number of information sessions provided to support PFMA institutions on the implementation of Treasury Regulations, Treasury Instructions and guidelines".

⁴³ Performance Indicator 5.1.9 "Number of forensic investigations reports produced" revised. Previously "Number of forensic investigations conducted and special performance audit reports produced".

⁴⁴ Performance Indicator 5.1.9 "Number of forensic investigations reports produced" targets amended and a component allocated to new Performance Indicator 5.1.10 "Number of specialised audit reports produced".

⁴⁵ Performance Indicator 5.1.11 "Number of criminal investigation cases supported" revised. Previously "Number of cases referred and advisory services provided to law enforcement agencies / anti-corruption task team for criminal investigation".

PART D: ANNEXURES - Continued

⁴⁶ Performance Indicator 5.1.14 “Percentage of complete requests to draft financial recovery plans responded to within 90 days of receipt” revised. Previously “Number of days taken to respond to requests to draft financial recovery plans from receiving the request”.

⁴⁷ Performance Indicator 5.1.14 “Percentage of complete requests to draft financial recovery plans responded to within 90 days of receipt” targets revised to align with revised performance indicator.

The following Performance Indicators have migrated from Strategic Objective 5.2: “Support and facilitate capacity development across all spheres of government in order to improve financial management execution” to Strategic Objective 5.1: “Improve financial management governance and compliance across all spheres and entities in government, giving effect to the PFMA and MFMA to better align with work stream clusters”:

- “Number of monthly statements reports of actual revenue and actual expenditure for the National Revenue Fund (NRF) published”.
- “Percentage compliance with the banking services for national government: Daily bank reconciliation of NRF Electronic verification of supplier banking details within four working days”.
- “Number of consolidated annual financial statements for national departments, public entities and Reconstruction and Development Programme (RDP) Fund tabled on 31 October”.

⁴⁸ Performance Indicator 5.1.18 “Number of monthly statements reports of actual revenue and actual expenditure for the National Revenue Fund (NRF) published” revised. Previously “Number of timely and accurate monthly statements reports of actual revenue and actual expenditure published for the National Revenue Fund (NRF)”.

⁴⁹ Performance Indicator 5.1.19 “Percentage compliance with the banking services for national government: Daily bank reconciliation of NRF Electronic verification of supplier banking details within four working days” targets revised taking external IT related dependencies into account.

⁵⁰ Performance Indicator 5.2.1 “Number of training sessions conducted in the preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of Generally Recognised Accounting Practice (GRAP) standards” revised. Previously “Number of officials trained in the preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of Generally Recognised Accounting Practices (GRAP) standards”.

⁵¹ Performance Indicator 5.2.1 “Number of training sessions conducted in the preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of Generally Recognised Accounting Practice (GRAP) standards” targets revised to align with amended Performance Indicator.

⁵² Performance Indicator 5.3.2 “Implementation of the IFMS II plan” replaces the following performance indicators monitored in the last financial year:

- “Number of generic solution configuration templates completed”.
- “Number of IFMS comprehensive implementation strategies published”.

⁵³ Performance Indicator 5.5.1 “Percentage of departments/entities’ deviations/expansions requests reviewed” revised. Previously “Percentage of departments/entities’ quarterly performance information reports reviewed”.

⁵⁴ Performance Indicator 5.5.3 “Percentage of bids reviewed to ensure compliance with norms and standards” replaces the following performance indicators monitored in the last financial year:

- “Percentage of bid specifications reviewed for alignment with policy and other applicable procurement instructions”.
- “Percentage of bid evaluations and adjudications reviewed to ensure compliance with the criteria/scoring specified in bidding documents”.
- “Percentage of contracts awarded reviewed to verify if contract delivery is in line with the specifications”.

PART D: ANNEXURES - Continued

⁵⁵ Performance Indicator 5.5.4 "Percentage of projects inspected to verify if the delivery of awarded contracts is aligned with the contract conditions" revised. Previously "Percentage of projects visited to verify if delivery of the awarded contracts is aligned with the contract conditions".

⁵⁶ Performance Indicator 5.6.1 "Percentage implementation of the strategic sourcing opportunities plan" is a new indicator. The following performance indicators monitored in the previous financial year's APP have been consolidated into one strategic sourcing opportunities plan which is dealt with under Performance Indicator 5.6.1:

- "Number of proposals for strategic sourcing opportunities".
- "Number of sourcing strategies for identified commodities/procurement categories developed".
- "Number of sourcing strategies for identified commodities/procurement categories implemented".
- "Number of on boarding, monitoring and benefits tracking on sourcing strategies".

⁵⁷ Performance Indicator 5.6.2 "Number of transversal term contracts implemented" revised. Previously "Number of transversal term contracts renewed per annum for National Procurement".

⁵⁸ Performance Indicator 5.7.1 "Number of stakeholder engagements conducted" revised. Previously "Percentage of external stakeholder engagements held".

⁵⁹ Performance Indicator 5.8.1 "Number of tenders advertised on an electronic tendering platform for contracts" revised. Previously "Number of tenders submitted on an electronic tendering platform for transversal contracts".

⁶⁰ Performance Indicator 6.2 "Number of strategic Ministerial briefings aimed at governance reforms in international financial institutions provided" replaces the following performance indicator:

- "Secure the 3rd Chair for Sub-Sahara Africa in the IMF Board implemented".

⁶¹ Performance Indicator 6.2.1 "Number of interventions to increase South Africa's presence within institutions of particular strategic value" targets decreased due to resource constraints.

⁶² Performance Indicator 6.3.2 "Percentage of implemented identified projects and plans to accelerate regional integration reviewed" revised. Previously "Percentage of implementation of identified projects and plans to accelerate regional integration reviewed".

⁶³ Performance indicator 8.2 "Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP)" revised. Previously "Number of municipalities supported through Local Government Financial management".

⁶⁴ Performance Indicator 8.1.2 "Number of technical advisory projects supported" targets have been revised to better align with user demand for this service.

⁶⁵ Performance Indicator 8.1.3 "Number of transaction advisory projects registered" targets have been revised to align with the planning process of these multi-complex projects.

⁶⁶ Performance Indicator 8.1.5 "Number of performance and expenditure reviews supported" revised. Previously "Number of performance and expenditure reviews completed".

Performance Indicator "Transfer of FMG funds to all municipalities monitored" in the previous financial year's APP has been reassigned to operational monitoring.

PART D: ANNEXURES - Continued

⁶⁷ Performance Indicator 8.2.1 "Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP)" revised. Previously "Number of municipalities and provincial treasuries assisted through MFIP II".

⁶⁸ Performance Indicator 8.3.1 "Number of investment plans completed" revised. Previously "Number of precinct plans completed".

⁶⁹ Performance Indicator 8.3.3 "Number of programmes in Integration Zones identified for planning" revised. Previously "Number of integrated projects in Integration Zones identified for planning".

⁷⁰ Performance Indicator 8.3.4 "Number of programmes in Integration Zones under implementation" revised. Previously "Number of integrated projects in Integration Zones under implementation".

⁷¹ Performance Indicator 8.4.7 "Value of grant funding disbursed (cumulative across the term of project)" targets revised to align with current contracting levels.

Performance Indicator "Number of employment, income distribution and inclusive growth research papers completed monitored" in the previous financial year has been removed as programme ends in financial year 2017/18.

⁷² Performance Indicator 8.5.1 "Percentage response to procure approved Professional Service Providers to assist with institutionalising the IDMS" revised. Previously "Percentage response to provincial and national request to procure Professional Service Providers to assist with institutionalising the IDMS".

⁷³ Performance Indicator 8.5.2 "Number of officials trained on the infrastructure delivery management system initiatives" revised. Previously "Number of officials trained on the infrastructure delivery management system initiatives (including IDMP, IDM Toolkit, IPM)".

⁷⁴ Performance Indicator 8.5.4 "Number of capacity improvement initiatives undertaken to support infrastructure delivery" targets revised due to resource constraints.

NOTES:



ANNUAL PERFORMANCE PLAN 2018/19

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