



National Treasury

Annual Report

2007/08



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Annual Report

2007/08

Mr TA Manuel
Minister of Finance

I have the honour of submitting the Annual Report of the National Treasury for the period 1 April 2007 to 31 March 2008.

L Kganyago
Director-General





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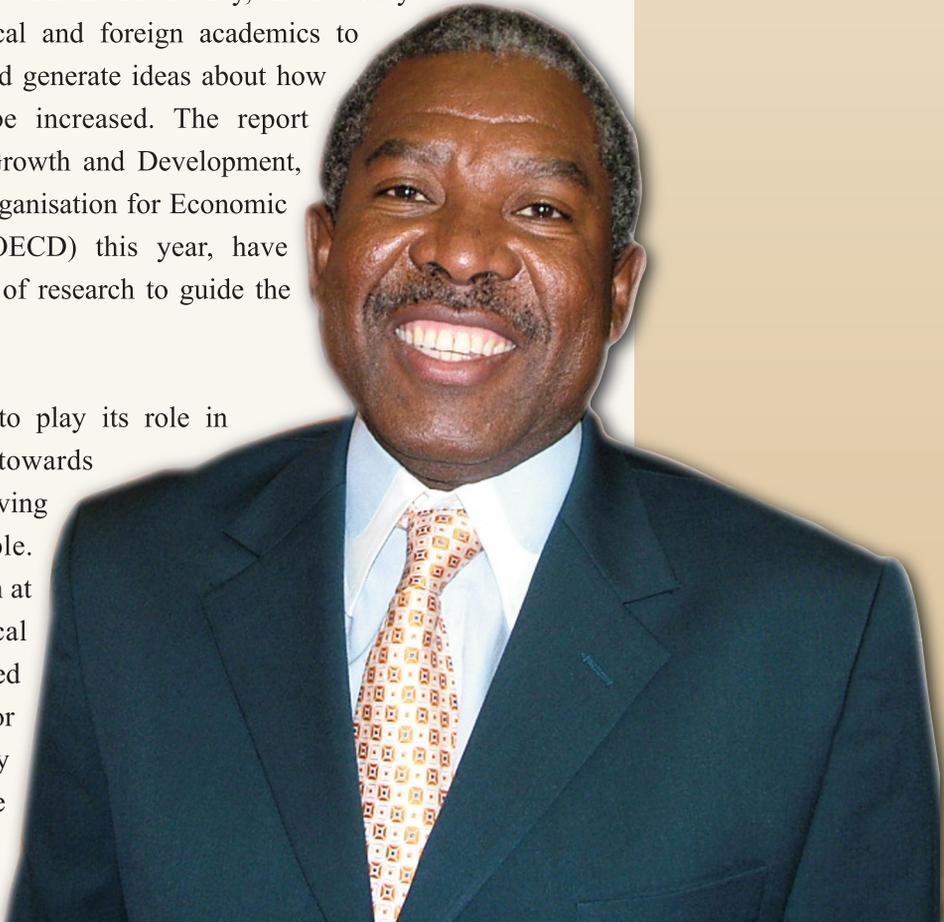
ACCOUNTING OFFICER'S OVERVIEW

The past financial year proved to be a tough year for the economy and hence for the National Treasury. After a long period of sustained economic expansion, the economy began to slow down towards the end of 2007, providing the backdrop for what has been a turbulent past six months characterised by a slowing global economy, rising food and oil prices and the advent of load shedding.

During this period the National Treasury focused on strengthening the protective cushion around the economy, mainly by continuing to manage the fiscus in a prudent fashion and strengthening the institutions that monitor financial market risks. The Treasury has also taken a more pro-active stance in communicating with the public about these economic risks and what policy instruments are to be used to mitigate against these risks.

In 2007/08, a number of significant economic policy initiatives were either underway or were close to completion. Together with the Presidency, the Treasury engaged extensively with both local and foreign academics to review the state of the economy and generate ideas about how growth and employment could be increased. The report launched by the Commission on Growth and Development, the assessment conducted by the Organisation for Economic Cooperation and Development (OECD) this year, have contributed to a considerable body of research to guide the economic discourse in South Africa.

The National Treasury continued to play its role in steering public spending towards consistently and sustainably improving the quality of life of our people. Extensive planning and coordination at the national, provincial and local sphere of government was informed by political priorities, the need for long-term investments in capacity building and continued to support the implementation of key government programmes. Providing advice to the Minister's Committee on the Budget, conducting interdepartmental budgetary and policy



Lesetja Kganyago
Director-General: National Treasury



consultation, monitoring fiscal and public expenditure trends and advising the Minister of Finance are some of the coordination activity streams driven by the National Treasury in this regard. These systems are constantly being improved in the Treasury and the last year was no exception. The financial year concluded with the delivery of a national budget that was well received by domestic and international stakeholders.

Efforts to strengthen the banking environment while continuing to increase access to financial services remained key. During the second half of 2007 the Banks Amendment Act was promulgated into law, paving the way for the introduction of the Basel II Capital Accord in South Africa from 1 January 2008.

The adoption was timely in light of subsequent financial market instability in several developed countries, and will go a long way in ensuring that our banks apply advanced risk management tools to further enhance their stability. To improve access to finance and banking development, the Cooperative Banks Act was passed by Parliament and signed into law in February 2008. Implementation of the Act has begun with preparations for the oversight board, envisaged to assist in building capacity in financial services cooperatives.

With regard to assets and liability management, the debt management strategy has evolved from exclusively financing the borrowing requirement to offering broader support for government's macro-economic objectives. Debt servicing cost as a percentage of GDP continued to decline, reaching 2.6 per cent of GDP in 2007/08.

State-owned entities (SOEs) are viewed as pivotal in reducing the cost of doing business and promoting economic growth and development in South Africa. Financial stability, efficiency, performance and governance of SOEs are paramount to achieving these outcomes and the National Treasury is playing its part through several initiatives. The recommendations of the review of Development Finance Institutions (DFI's) were completed and have been approved by Cabinet, and implementation will commence shortly.

On the international front, South Africa played an instrumental role in negotiations with donor countries to ensure that their commitments to support low-income countries were considerably increased. South Africa relinquished the chair of the G20 forum as scheduled at the end of 2007. Our stewardship of these engagements will be remembered as successful, both in terms of substance and administration. South Africa continues to play a strong role in promoting regional integration through the Southern African Development Community (SADC). Government's adoption of the Finance and Investment Protocol by SADC is being tabled for approval in Parliament.

The National Treasury places a high priority on being an employer of choice and for the period under review has managed to attract highly skilled individuals who revel in the



highly stimulating and challenging conditions they find in this organisation. This however does not detract from the tight labour market and the National Treasury will continue to strive towards attracting and retaining well trained and committed individuals to further complement our formidable team.

L Kganyago
Director-General: National Treasury



THE MINISTRY

The year 2007 marks the 11th year in which Minister Trevor Manuel has served as the Minister of Finance. He has been instrumental in creating a stable and predictable financial environment for domestic and international investors, rendering South Africa an attractive investment destination and place to conduct economic activity.

He has stayed the course to achieve macro-economic stability and has kept the needs of South Africans at the forefront of the economic agenda. This has sometimes necessitated taking tough decisions in the face of criticism, particularly during periods of dramatic but short-lived economic events. In addition to taking tough decisions, the Minister has also made bold choices to ensure that our growth trajectory and redistributive stance promises continued hope to all South Africans living in poverty.

For the period under review Deputy Minister Jabu Moleketi has supported Minister Manuel in a manner that has rendered their leadership effective and strategically sound. The political leadership is enhanced by a solid National Treasury team led by the Director-General, Lesetja Kganyago.

The National Treasury has remained successful as an organisation of highly competent and dedicated people, rising to meet ever more complicated challenges of a dynamic environment. The Ministry itself is a highly pressured environment, with a core team that has to deal with a relentless pace to ensure that the operational needs of the Minister and Deputy Minister are met.

Both Minister Manuel and Deputy Minister Moleketi are actively engaged in several international forums to advance the agenda of South Africans, and Africans, in the international arena. South Africa successfully concluded the chairing of the G20 forum during the period under review. Through the African Peer Review Mechanism and under the auspices of NEPAD, South Africa has established its position with development partners to confront those regional challenges that must be addressed in the near future.

The Ministry continues to provide executive oversight to the National Treasury, which constantly sets very ambitious performance targets. The



Trevor A Manuel, MP
Minister of Finance



Ministry's interaction with the National Treasury is channeled through Lesetja Kganyago, the Director-General, and his management structures. Mr Kganyago's leadership style has been exemplary, and under his guidance, the continued growth in stature of the Department has been well managed and continued to provide the Ministry with technical advice on a wide range of complex policy issues.



International visits undertaken by the Minister of Finance during the 2007/08 financial year

- 01-03 April 2007 : Visit to Addis Ababa, Ethiopia, to attend the UNECA Annual Meeting of Ministers of the Economy, Finance and Planning
- 06 -17 April 2007 : Visit to New York, Boston and Washington D.C., USA, to attend workshops of the Commission on Growth and Development, to deliver a lecture at Tufts and to attend the Spring meetings of the IMF and World Bank
- 20 April 2007 : Visit to Swaziland to attend a SACU Council Meeting
- 12- 20 May 2007 : Visit to Shanghai, China to attend Annual Meetings of the African Development Bank, and to Potsdam, Germany to attend a G8 Outreach event
- 27 July 2007 : Visit to Maputo, Mozambique for a SADC Finance Ministers' meeting
- 13-14 August 2007 : Visit to Lusaka, Zambia to attend a SADC Council of Ministers' meeting
- 20 August 2007 : Visit to Maputo, Mozambique to attend IMF 2nd African Consultative Group on Quotas, Voice and Representation
- 22 – 30 September 2007 : Visit to New Haven and New York to attend workshops of the Commission on Growth and Development, and to address a meeting of the Clinton Global Initiative
- 12 – 23 October 2007 : Visit to Washington D.C, USA, to attend the Annual Meetings of the IMF and World Bank
- 06 - 07 November 2007 : Visit to Lusaka, Zambia to attend a SADC Council of Ministers' Meeting
- 24 – 28 January 2008 : Visit to Davos, Switzerland, to attend the Annual Meetings of the World Economic Forum
- 14 – 16 February 2008 : Visit to Geneva, Switzerland, to address a meeting of the Geneva Progressive Forum Leaders' Group on Globalisation
- 19 March –02 April 2008: Visit to New Delhi, India to meet with the Minister of Finance of India and the Chair of the Planning Commission and to Addis Ababa, Ethiopia, to attend a Joint Annual African Union Conference of Ministers of the Economy and Finance, and the UN Economic Commission for Africa Conference of Finance, Planning and Economic Development Ministers



International visits undertaken by the Deputy Minister of Finance during the 2007/08 financial year

- 07 – 15 April 2007 : Visit to Beijing, China leading a South African Delegation to hold discussions with the Beijing Olympics Committee
- 08 – 11 May 2007 : Visit to Berlin, Germany accompanying the Deputy President of South Africa for a working meeting
- 06 – 19 July 2007 : Visit to Cuba, Mexico, Spain and Panama accompanying the Deputy Minister of Foreign Affairs to conduct consultations with counterparts
- 24 August 2007 : Visit to Gaborone, Botswana to attend the Eastern and Southern Money Laundering Group AGM
- 27 – 28 September 2007 : Visit to Lesotho, Maseru to attend a SACU Council of Ministers meeting
- 13 – 19 October 2007 : Visit to Georgetown, Guyana to attend the Finance Ministers meeting
- 28 January – 1 February 2007 : Visit to Brussels, Belgium to attend the 8th meeting of ACP National and Regional Authorising officer
- 18 – 21 February 2007 : Visit to London as part of a delegation on releasing of Interim results of Eskom and meeting with investors



VISION

The National Treasury is the custodian of the nation's financial resources. We hold ourselves accountable to the nation to discharge our responsibilities professionally and with humility, and with the aim of promoting growth and prosperity for all.

We aspire to excellence in the quality of our analysis, our advice and the execution of our financial management responsibilities. We aim to realise the full potential of South Africa's economy and people and to mobilise the resources of the state, business enterprises and the wider community in a partnership of trust and mutual respect.

MISSION AND OBJECTIVES

The National Treasury aims to promote economic development, good governance, social progress and rising living standards through accountable, economic, efficient, equitable and sustainable management of South Africa's public finances.

We endeavour to advance economic growth, broad-based empowerment, progressive realisation of human rights and the elimination of poverty. We are responsible for preparing a sound and sustainable national Budget and an equitable division of resources among the three spheres of government.

We strive to raise fiscal resources equitably and efficiently and to manage Government's financial assets and liabilities soundly.

We promote transparency and effective financial management.



VALUES

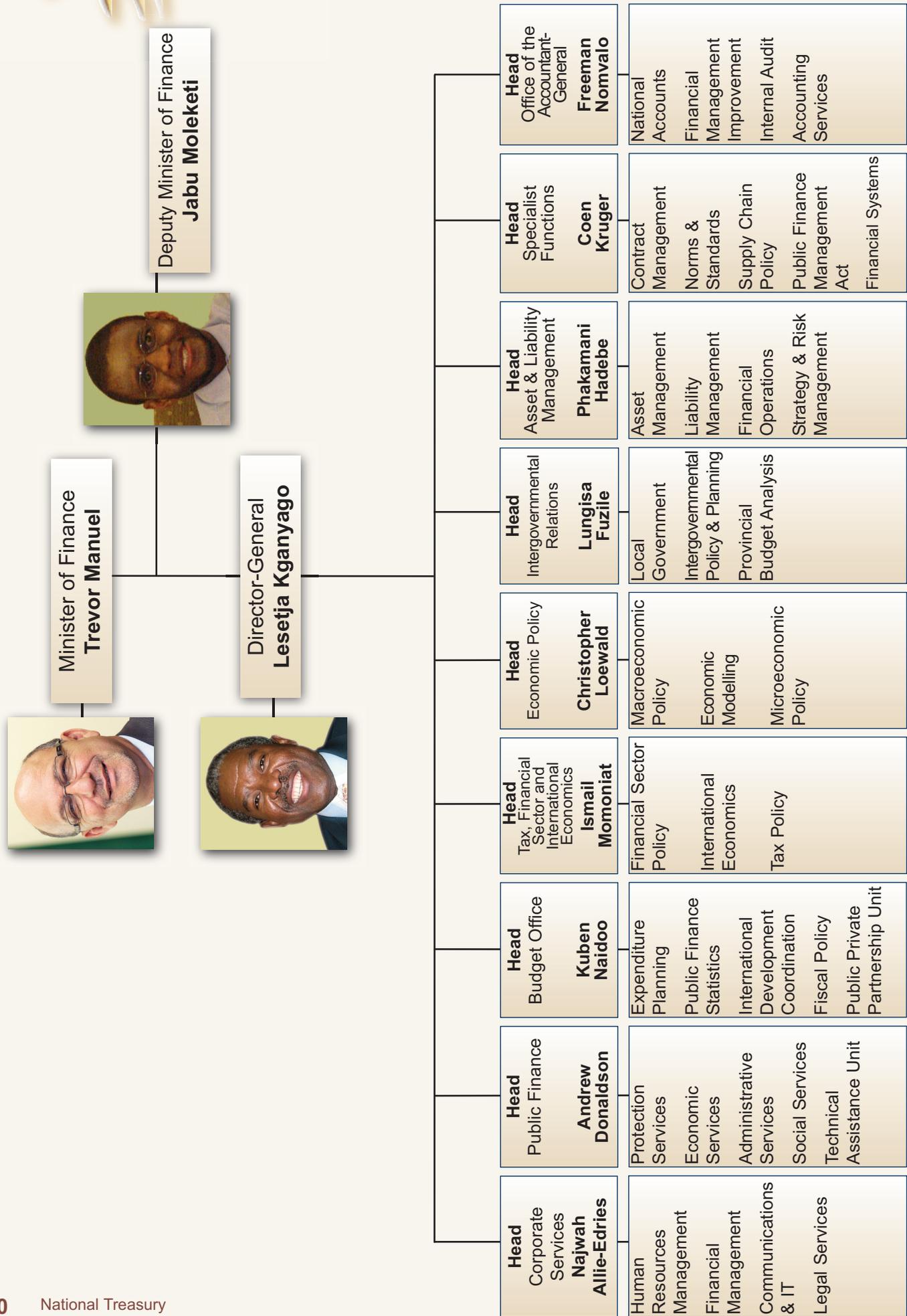
As custodians of the nation's financial resources, the National Treasury acknowledges the authority of Parliament through whom we are accountable to the nation.

We value teamwork, sound planning and enthusiasm and strive continually to improve the quality, accuracy and reliability of our service delivery.

Our people are our most valued assets. We seek to be an employer of choice, we invest in the education and training of our staff, we cultivate a learning and consultative environment, we make use of the best available technological support and we aim to mobilise the full potential of our people.

In our dealings with the public and with our colleagues we act transparently and with integrity, showing respect and demonstrating fairness and objectivity.

In achieving these things, we will honour the faith that the South African public has placed in us.





MINISTER'S STATEMENT ON POLICY AND COMMITMENT

The Development Indicators published by the Presidency in July this year serve as testimony to the significant improvement in the lives of all South Africans since 1994. Our government has made great progress in extending basic service, increasing access to education and health, extending social security, investing in infrastructure and contributing towards development on our continent. Many of these achievements are made possible by a growing economy with both investment and employment rising considerably in the five years to 2007. Indeed, rapid economic growth together with an effective developmental state are the hallmarks of a pro-poor development strategy.

Towards the end of 2007, the South African economy started to slow down, mainly due to a deteriorating international economic environment. The sub-prime crisis in the US served as a catalyst for the unwinding of a series of excesses in both financial markets and in global capital flows. Food and fuel prices have increased globally at a pace not seen in decades. Fuel continues to be critical for the economy and food prices impact the most on the world's poor. Today, the world economy is in a very different place from where it was a year ago.

Simultaneously, our own capacity constraints and inability to increase production to meet higher demand has led to a rising current account deficit and creeping inflationary pressures. The electricity outages at the end of the past fiscal year were stark reminders of these capacity constraints.

Our response to both global and domestic economic developments is to further strengthen our anchors in the face of this storm. This implies that government has to contribute towards higher national savings and economic policy must prioritise job creation and the promotion of exports. Monetary policy has been tightened to support efforts to bring down inflation and mitigate against global risks. At the same time, we know that capacity constraints, from electricity to skills, can only be broken through higher levels of investment. Our challenge is to find that delicate balance between cushioning the economy from global risks and investing to raise our potential growth rate.

A substantial amount of time and resources have been spent on strategic areas of work, in order to continue to positively impact the lives of all citizens over time. These efforts include in-depth consideration of the options available to raise our long term growth prospects, participation in the inter-departmental team tasked to develop the framework for a contributory social security system and a review of the Development Finance Institutions; with appreciable advances having been made on each thus far. The economic implications of climate change will also enjoy a similar strategic priority in due course. Large infrastructure funding allocations are being directed in support of the financing of Eskom's investment programme to ensure that the nation's energy needs will be met over the medium term. The underlying principle that electricity users bear the cost of its supply remains firm, with capital being financed through retained earnings and debt on



market-related terms. Government remains committed to the other existing infrastructure programmes, which will improve living conditions and access to services in general. We trust that our international engagements have further elevated the voice of South Africans, and Africans at large, in various fora. South Africa's chairing of the G20 was concluded with successfully conducted ministerial meetings held in Cape Town during November 2007. Regional policy issues largely addressed matters relating to progress towards MDG's (Millenium Development Goals) and deepening integration of regional economic activity through relevant regional institutions such as the African Development Bank and the African Union. These will continue to feature on our development agenda. After being the recipient of development assistance from many countries during our own transition, South Africa is increasingly becoming a donor in its own right, with funding mainly being channeled through the African Renaissance Fund. Our contributions to peacekeeping efforts, investment promotion and economic cooperation have also gained impetus. Our goals and challenges, with the constraints of our present circumstances, confront all of us as government, businesses, families, citizens and taxpayers of this economy. It is important that we remain united in our approach and; that we face the challenges ahead as a strong and determined collective. We are in this together, as President Mbeki put it "all hands on deck", through all our challenges and head towards deeper democracy and freedom of choice. United in our diversity and with social solidarity, we look forward to playing our role in building a non-racial, non-sexist and prosperous South Africa.

Trevor A Manuel, MP
Minister of Finance



LEGISLATIVE MANDATE

The National Treasury has a legislative mandate to promote the national Government's fiscal policy and the coordination of macroeconomic policy; coordinate intergovernmental financial and fiscal relations; manage the budget preparation and enforce transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities and constitutional institutions.

Parliamentary Services

The Minister of Finance as the political principal of the Department regards the active collaboration with Parliament as vital. Consequently, the National Treasury continued to have sustained relations during the period under review through interactions with Parliamentary committees. Chief amongst the committees that the Department works with is the Portfolio Committee on Finance; other committees include the Select Committee on Finance, Joint Budget Committee and the Standing Committee on Public Accounts.

At the core of maintaining this relationship is the Parliamentary Services Office, tasked with ensuring a transparent and cooperative working relationship with Parliament this office. The Office is also a vehicle through which financial policies and pieces of legislation are presented to Parliament for consideration and approval.

During the period under review the Parliamentary Services Office maintained a transparent working relationship through coordinating work processes between policy makers and public representatives. Information continued to flow between the Ministry through Cabinet to Parliament and vice versa.

Other clients of this office include but are not limited to:

- Members of Parliament;
- Parliamentary Committees;
- Parliamentary Administrative Staff;
- Civil society institutions; and
- Members of the public.

The Parliamentary Services Office also maintains collegial and cooperative relationships on behalf of the Ministry with political structures as well as offices of the Presiding Officers and Leader of Government Business.



LEGISLATION ENACTED

The National Treasury annually tables legislation in Parliament, which can be categorised as follows:

- Legislation conceptualised and prepared in-house
- Legislation prepared by such regulatory bodies as the Financial Services Board and the South African Reserve Bank, with National Treasury providing policy direction
- Tax legislation prepared jointly with the South African Revenue Services, with National Treasury providing policy direction.

The following is a list of legislation tabled in Parliament during the 2007/08 financial year to date:

1. **Appropriation Act, 2007 (Act No. 7 of 2007)**
 Bill enacted: Appropriation Bill [B2 – 2007]
 English text signed by the President. Assented to 24 July 2007
 Published in Government Gazette No. 30127 dated 27 July 2007
2. **Taxation Laws Amendment Act, 2007 (Act No. 8 of 2007)**
 Bill enacted: Taxation Laws Amendment Bill [B18 – 2007]
 English text signed by the President. Assented to 5 August 2007
 Published in Government Gazette No. 30157 dated 8 August 2007
3. **Taxation Laws Second Amendment Act, 2007 (Act No. 9 of 2007)**
 Bill enacted: Taxation Laws Second Amendment Bill [B19 – 2007]
 English text signed by the President. Assented to 24 July 2007
 Published in Government Gazette No. 30158 dated 8 August 2007
4. **Pension Funds Amendment Act, 2007 (Act No. 11 of 2007)**
 Bill enacted: Pension Funds Amendment Bill [B11B – 2007]
 English text signed by the President. Assented to 26 August 2007
 Published in Government Gazette No. 30240 dated 29 August 2007
5. **Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007)**
 Bill enacted: Municipal Fiscal Powers and Functions Bill [B9B – 2007]
 English text signed by the President. Assented to 3 September 2007
 Published in Government Gazette No. 30271 dated 7 September 2007
6. **Diamond Export Levy (Administration) Act, 2007 (Act No. 14 of 2007)**
 Bill enacted: Diamond Export Levy (Administration) Bill [B23 – 2007]
 English text signed by the President. Assented to 5 December 2007
 Published in Government Gazette No. 30557 dated 10 December 2007
7. **Diamond Export Levy Act, 2007 (Act No. 15 of 2007)**
 Bill enacted: Diamond Export Levy Bill [B22 – 2007]
 English text signed by the President. Assented to 2 December 2007
 Published in Government Gazette No. 30558 dated 10 December 2007



8. Special Adjustments Appropriation Act (2007/08 Financial Year), 2007 (Act No. 16 of 2007)

Bill enacted: Special Adjustments Appropriation Bill [B37 – 2007]
English text signed by the President. Assented to 1 October 2007
Published in Government Gazette No. 30339 dated 2 October 2007

9. Banks Amendment Act, 2007 (Act No. 20 of 2007)

Bill enacted: Banks Amendment Bill [B12B – 2007]
English text signed by the President. Assented to 12 November 2007
Published in Government Gazette No. 30474 dated 15 November 2007

10. Adjustments Appropriation Act, 2007 (Act No. 27 of 2007)

Bill enacted: Adjustments Appropriation Bill [B41 – 2007]
English text signed by the President. Assented to 7 December 2007
Published in Government Gazette No. 30566 dated 12 December 2007

11. Securities Transfer Tax Act, 2007 (Act No. 25 of 2007)

Bill enacted: Securities Transfer Tax Bill [B44 – 2007]
English text signed by the President. Assented to 21 December 2007
Published in Government Gazette No. 30652 dated 8 January 2008

12. Securities Transfer Tax Administration Act, 2007 (Act No. 26 of 2007)

Bill enacted: Securities Transfer Tax Administration Bill [B45 – 2007]
English text signed by the President. Assented to 21 December 2007
Published in Government Gazette No. 30653 dated 8 January 2008

13. Revenue Laws Amendment Act, 2007 (Act No. 35 of 2007)

Bill enacted: Revenue Laws Amendment Bill [B42 – 2007]
English text signed by the President. Assented to 21 December 2007
Published in Government Gazette No. 30656 dated 8 January 2008

14. Revenue Laws Second Amendment Act, 2007 (Act No. 36 of 2007)

Bill enacted: Revenue Laws Second Amendment Bill [B43 – 2007]
English text signed by the President. Assented to 21 December 2007
Published in Government Gazette No. 30657 dated 8 January 2008

15. Cooperative Banks Act, 2007 (Act No. 40 of 2007)

Bill enacted: Co-operative Banks Bill [B13B – 2007]
English text signed by the President. Assented to 18 February 2008
Published in Government Gazette No. 30802 dated 22 February 2008

16. Division of Revenue Act, 2008 (Act No. 2 of 2008)

Bill enacted: Division of Revenue Bill [B4 – 2008]
English text signed by the President. Assented to 31 March 2008
Published in Government Gazette No. 30940 dated 1 April 2008



Programme 1 ADMINISTRATION

Purpose: *Administration* provides strategic management and administrative support to the National Treasury, giving managerial leadership to the work of the department.

Measurable objective: The programme aims to provide an effective leadership, management and administrative support service to the core business divisions of the Department, through the continuous refinement of organisational strategy and structure, to ensure compliance with applicable legislation and alignment with appropriate best practice.

The programme is divided into four subprogrammes:

- The *Minister* subprogramme provides for the Office of the Minister of Finance and includes parliamentary and ministerial support services.
- The *Deputy Minister* subprogramme provides for the Office of the Deputy Minister of Finance and related support services.
- The *Management* subprogramme incorporates the Office of the Director-General and related support services.
- The *Corporate Services* subprogramme supports the administration and effective operation of the department.

Service Delivery Objectives and Indicators

Recent outputs

The *Corporate Services* division is responsible for the *Administration* programme. The division is responsible for developing, maintaining and implementing the Department's governance framework, and aims to create a productive and creative working environment that enhances departmental effectiveness.

The *Corporate Services* division consists of seven units: *Information Technology, Facilities Management, Knowledge Management and Project Support, Security Management, Financial Management, Internal Audit* and *Human Resources Management*. In the past year *Corporate Services* completed a records and documents management pilot project. The project outcomes created an electronic records management blueprint for the rest of the department. Other projects implemented successfully include the *document tracking system, e-registry, a disaster recovery plan* and *business process re-engineering*.

The *Financial Management* unit focuses on maximising compliance with the Public Finance Management Act (1 of 1999) (PFMA) and other relevant legislation. The unit concluded its restructuring process and continued to ensure a sustained culture of financial management compliance in the Department. During the review period the unit also extended its functions through the establishment of a Risk Management function and Governance Review Committee that will assist in reviewing and implementing departmental policies, prescripts and/or instructions.



The *Internal Audit* unit conducted an international benchmarking study with the Canadian and Australian Treasuries which assisted in improving efficiencies. This led to the development of a strategic plan which was tabled and approved. The unit completed its Annual Audit Plan and reported the findings to the Audit Committee. *Internal Audit* also undertook a voluntary External Quality Review and was found to be compliant.

The *Information Technology* (IT) unit, together with the *Communications* unit, redeveloped and launched a new departmental website. This has enhanced user friendliness and improved the navigation process. Through the efforts of the unit the national budget speech was also successfully webcast to all internet customers. *IT* also implemented dedicated connectivity between the 240 Vermeulen and 40 Church Square offices. During the G20 meetings the unit hosted all the IT and audiovisual requirements.

The *Security Management* unit continued to ensure a secure and enabling working environment. An evacuation drill and audit of emergency equipment was conducted. A Security Manual was approved and published on the intranet. During important events such as the national Budget Speech and the G20, the unit successfully delivered on its mandate. The unit continued to screen new employees and ensured compliance with the Minimum Information Security Standards.

The *Human Resources* (HR) unit developed a talent management strategy and enhanced the Graduate Development Programme which attracted new internship and Training Outside Public Practice (TOPP) candidates. The department also received accreditation from the South African Institute of Chartered Accountants (SAICA) to train prospective Chartered Accountants. HR also focused on reviewing and improving the technical abilities of its staff in order to ensure sustained service excellence. The unit also noted an increased participation of employees in Voluntary Counselling and Testing campaigns. During the review period the unit ensured a reduction of the vacancy rate from 14 to 10 per cent.

The *Facilities Management* unit continued to manage the consumables bill and recorded a further drop in expenditure. An independent engineering evaluation was conducted on emergency power systems in order to reduce the effects of load shedding.

Legal Services provided legal services to the Minister, Deputy Minister, Director-General and the rest of the department. These included providing legal advice on a range of issues in support of the work of the department. The unit was also involved in negotiating and settling agreements relating to the Collaborative Africa Budget Reform Initiative (CABRI), G20 and the Annual Bank Conference on Development Economics (ABCDE). The unit continued to ensure that government's exposure was mitigated and protected. *Legal Services* played a crucial role in drafting and reviewing legislation.

The *Communications* unit managed a number of study tours from countries visiting South Africa to learn about the Medium Term Expenditure Framework (MTEF) process and supply chain policies. During the period under review the unit managed media, communication and marketing in all the G20 meetings, culminating in the Ministers and Governors meeting in November 2007. *Communications* also managed the layout, design, editing and printing of all departmental publications. The unit continued to assist



the public with queries regarding pensions, tenders, tax and the general business of the Department. The Department continued to enjoy a favourable media presence and coverage which generated robust public discourse. A number of media conferences and workshops were held on pertinent issues and events.

SERVICE DELIVERY ACHIEVEMENT

Programme 1: Administration

Programme 1: Administration



Measurable objective: Administration provides strategic management and administrative support to the National Treasury, giving managerial leadership to the work of the Department.		Actual performance against target	
Subprogramme	Output	Output performance Measure/service delivery indicator	Actual
Minister and Deputy Minister of Finance (Parliamentary Office)	A procedurally sound and politically astute Parliamentary Unit	Achieving a proactive relationship with Parliament	Proactive support established through ensuring the provision of training to parliamentarians with regard to the Budget Processes and the evaluation of Annual Reports
	Extensive engagement with the Legislature on the Budget reform processes, with specific reference to the Constitutional requirement for a process to deal with money Bills	The number of dialogue and meetings held between the National Treasury and Parliament on the budget reform processes, with specific reference to the Constitutional requirement for legislative powers and processes to amend money Bills	Monitoring feedback from all role players for evaluation of proposed process Money Bills
Management (Office of the Director-General)	Monitoring and facilitating promulgation of financial legislation and policies that are presented to the Legislature	Monitoring the passage of legislation from drafting to enactment	Monitoring and facilitating promulgation of identified financial legislation and policies that form part of the mandate of National Treasury as outlined in chapter 13 of the Constitution.
	National Treasury's strategic direction aligned to the country's development policy needs	Strategic plans developed by the National Treasury and approved by Parliament.	90% achievement of target's set out in National Treasury's strategic plan
			Legislation monitored and progress facilitated with regard to major financial legislation. 16 pieces of legislation processed and enacted during the financial year
			Analysis conducted which shows that National Treasury has achieved in excess of 90% of target's set out in its strategic plan



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
Corporate Services	Development and implementation of an Integrated Client Relationship Management (CRM) Strategy	Revise Client Charter and Service Standards	Client Relationship Management Strategy developed	Achieved. Strategy developed, designing implementation plan
	Contribute to the establishment of a knowledge management culture in National Treasury	An agreed centralised archiving system for National Treasury implemented.	Implementation of the agreed solution 70% complete	Approved centralised archiving system implemented in 50% of NT. Commenced with the roll out of the E –Registry
	Facilitate the development of a strategic capability	An Integrated Talent Management Strategy developed and implemented for National Treasury	30% of Talent Management strategy implemented	Talent Management Programme launched and 20% of strategy implemented



Programme 2

PUBLIC FINANCE AND BUDGET MANAGEMENT

Purpose: Provide analysis and advice on fiscal policy and public finances, intergovernmental financial relations, and expenditure planning and priorities. Manage the annual budget process and provide public finance management support.

Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds. Measurable objectives are to:

- Prepare a national budget that gives effect to government's economic, fiscal, social and development goals.
- Publish the Budget Review, Estimates of National Expenditure and Medium Term Budget Policy Statement and appropriation legislation, containing relevant, accurate and clear financial information and associated indicators of service delivery and performance.
- Contribute to public policy and programme development, sound planning, budgeting and project management, including increased support to public finance reform in provinces and municipalities.
- Promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and Public Private Partnerships (PPP), advise on financing alternatives for municipal development and financial assistance for neighbourhood development projects.
- 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.

Service Delivery Objectives and Indicators

Recent outputs

Budget Office

Much of the work of the *Budget Office* is focused on coordinating the budget process, providing advice to the Ministers' Committee on the Budget, and monitoring fiscal and public expenditure trends.

The *Fiscal Policy* unit plays a leading role in monitoring economic and fiscal trends and advising the Minister of Finance on fiscal policy options and the Budget framework. It is responsible for the annual *Budget Review*, the *Medium-Term Budget Policy Statement* (MTBPS) and inputs to the deliberations of the Ministers' Committee on the Budget.



Over the past year, policy advice and analysis focused on public service remuneration issues, infrastructure investment and medium-term fiscal sustainability. This included support for the occupation-specific dispensation policy for health, police and educators and preparation for the new public sector wage agreement. Research also looked at the capital spending plans of government departments, provinces and public entities; and improved budgeting and planning processes for infrastructural investment. An analysis of fiscal trends, government's contribution to national savings and inter-temporal budget implications was undertaken with a view to position the budget in support of government's social and economic objectives.

Fiscal Policy is extensively involved in interdepartmental budgetary and policy consultation, including support to the Department of Public Service and Administration (DPSA) relating to public-service wage bargaining, and liaison with the Department of Trade and Industry (DTI) on critical infrastructure planning and budgeting.

The *Expenditure Planning* unit focuses on the coordination of the budget process in preparing the annual *Estimates of National Expenditure*. The unit is also responsible for the preparation of the *Adjustments Budget* that is tabled together with the MTBPS.

In relation to the budget process, the *Expenditure Planning* unit works to improve allocation decisions through increased political oversight, better evaluation of spending proposals and improved spending information. The Framework for Managing Programme Performance Information was published in 2007.

Other key activities over the past year include:

- Working closely with the Standing Committee on Public Accounts (SCOPA) to finalise outstanding cases of unauthorised expenditure. A Finance Act regularising the expenditure was tabled on 31 March 2007.
- Briefing parliamentary committees on the budget process and budget documents.
- Providing training on planning and budgeting to parliamentary researchers.
- Administering research projects that seek to improve the pro-poor impact of budget programmes.

The *Public Finance Statistics* unit focuses mainly on the production of appropriately classified fiscal data in various National Treasury publications in support of fiscal transparency and accountability. The data is also submitted to the International Monetary Fund (IMF).

During 2007/08 the team focused mainly on further enhancements to existing reforms introduced during previous financial years, which includes the following:

- A complete review of the government chart of accounts was concluded in collaboration with between the Budget Office and Office of the Accountant General. This project will see the introduction of a new chart that will ensure improved reporting on infrastructure and capital spending and that paves the way for the introduction of asset management systems in future.
- Improvement of existing databases used for reporting data on all spheres of



government and the consolidated government account, providing better-quality statistics to users. These improvements were supported by extensive capacity-building programmes at the national and provincial level.

- During the review period an additional 35 public entities were included into the consolidated government accounts, improving coverage to about 65 per cent of public entities, representing 90 per cent of government resources controlled by entities. This process is further enhanced by an improved National Treasury data collection process that will improve the efficiency of data flows between public entities and government and will ensure accuracy in the consolidations process.

The focus over the next few years will be on consolidating the reforms introduced in past financial years. This will involve further training and capacity building processes within departments to ensure a smooth transition to the revised government chart of accounts, ensuring improved reporting on infrastructure spending and assets owned by departments. Reporting models and databases will be enhanced in order to ensure accurate reporting on spending on the 2010 FIFA World Cup™ and spending on Research and Development in various departments. Further work will also be done on providing for an appropriate database platform for the government statistics produced by the unit in order to enhance the quality of data and improve public access to the data.

The *Public-Private Partnership* (PPP) unit regulates PPPs in terms of Treasury Regulation 16 to the Public Finance Management Act (PFMA), and in terms of PPP regulations to the Municipal Finance Management Act (MFMA).

Continuing the momentum achieved in the 2006/07 financial year where six PPPs reached financial closure, the unit closed another five PPP deals in 2007/08.

The unit successfully concluded its initiative to enhance support to line departments and municipalities during the review period by establishing a contract management desk. For the reporting period the position of the Head: Contract Management Desk was advertised. This new area of support has begun assisting institutions utilising the PPP contract management framework.

The unit concluded the first PPP under the newly-launched PPP Tourism Toolkit.

The review of Standardised PPP Agreement provisions is almost complete. Consultations with government and private sector stakeholders have been planned.

The comprehensive municipal service delivery and PPP guidelines have been published and an extensive, province-by-province rollout is underway. This was a collaborative process between National Treasury and the Department of Provincial and Local Government. Ongoing training programmes are underway in municipalities to broaden the understanding of PPPs. Also over 300 officials from South Africa and abroad have received PPP related training.

The *International Development Cooperation* unit is responsible for the establishment of an effective and efficient policy framework and management system to deal with Official Development Assistance (ODA) to South Africa. During the review period the unit:



- Implemented the policy framework and procedural guidelines to manage ODA flows into South Africa.
- Enhanced coordination through ODA coordinators' fora at national and provincial levels.
- Hosted the Development Counsellors' Forum for strategic management of donor interventions.
- Completed the South Africa-France Partnership Agreement.
- Finalised the development cooperation strategy for South Africa with the European Commission and 11 member states, applicable from 2007 to 2013, valued at 980 million Euros.
- Organised 11 annual consultations and/or joint commissions with partner countries and multilateral bodies to review implementation and programming.
- Contributed to ODA reform efforts internationally in areas such as harmonisation, aid effectiveness and recipient empowerment.
- Organised the G20 Aid Effectiveness Forum in 2007.
- Built capacity for ODA management and coordination in all spheres of government.
- Continued to enhance ODA information management through maintenance and refinement of a central information system.

The *Neighbourhood Development Programme* unit administers the Neighbourhood Development Partnership Grant (NDPG). The NDPG unit provides municipalities with technical assistance to develop project proposals for property development in townships and residential neighbourhoods, and capital grants for the construction and/or upgrading of community facilities and economic infrastructure. The following were achieved:

- The 2007/08 – 2010/11 NDPG Business Plan was approved by the Minister in December 2007.
- The successful formation of the Training for Township Renewal Initiative which is a partnership between the National Treasury, the South African Cities Network, the Department of Provincial and Local Government, the Development Bank of South Africa and others. The unit also hosted two sessions covering financial and economic analysis.
- Rounds two and three have been finalised out of a total of four, and approvals obtained for a total of 72 awards.
- Over 90 townships are to be addressed in terms of the awards.
- The quality of submissions from municipalities for Round three has significantly improved, with 80 per cent of the 30 targeted municipalities submitting applications in alignment to the NDPG's goals.
- 37 Funding Agreements have been concluded 31 March 2008.



- About R45 million was disbursed by the end of March 2008 – this was far less than planned. Poor performance by municipalities is partly related to long delays within municipalities to secure strategic planning and project management capacity to drive and package projects.
- Central technical assistants have been deployed to municipalities such as Tshwane, City of Joburg, Francis Baard, Greater Taung, uMngeni, uPhongola, Sisonke, Greater Edendale and Ndwedwe.
- Conditional Grants have been disbursed for projects such as eThekweni's KwaMashu Town Centre, Inanda-KwaMashu-Ntuzuma's Bridge City, KwaDabeka/Clermont and King Sabata Dalindyebo's Ngangelizwe.

The *Public Entities Governance* unit (PEGU) was set up as a new chief directorate in the Budget Office in 2006 to implement the recommendations of the 2004/05 public entities governance framework review.

A key element of the budget reform programme is the extension of budget planning and oversight to include the full range of government agencies and public entities – while distinguishing appropriately between entities wholly or largely reliant on transfers from the fiscus and entities operating on a commercial basis without recourse to nationally raised revenue.

PEGU assists with the preparation of consolidated financial accounts, maintains a budgetary database and appropriate administrative records of the entire general government sector, inclusive of public entities. The unit is in the process of creating a coherent regulatory environment to promote a consistent approach to governance, human resource management and financial management in the public sector, including 'extra-budgetary' entities. In the reporting period two entities were listed, and one de-listed.

Public Finance

The *Public Finance* division has responsibility for advising the Minister of Finance on sectoral policies and departmental spending programmes, evaluating budget submissions of national departments, and monitoring spending and service delivery trends. Budget analysts of this division monitor and evaluate spending trends across government departments and agencies, provide support for financial administrative improvements, such as the implementation of the standard chart of accounts and compliance with the Public Finance Management Act (PFMA), and provide advice to the Minister of Finance on sectoral policy matters.

The *Administrative Services* unit oversees the finances and budgets of a range of central government responsibilities, including foreign policy (Foreign Affairs), macroeconomic, fiscal and financial policies (National Treasury), land and accommodation (Public Works), training (South African Management Development Institute), communication services (Government Communication and Information System) and statistics (Statistics South Africa), and enabling the rights of citizens and residents (Home Affairs).



Key areas of work in 2007/08 included:

- *Foreign Affairs:* Worked with the department on refining the focus of the African Renaissance Fund in post-conflict reconstruction and development in Africa as an integral component of the broader strategy for aid to Africa. Assisted the department as part of the International Relations Peace and Security (IRPS) cluster in articulating South Africa's position in international conventions and peace missions.
- *Home Affairs:* Participated in the departmental review of legislative and policy frameworks for civic and immigration services to citizens and supported business process re-engineering initiatives and the future vision and design.
- *Public Service and Administration:* Supported initiatives for improving government administration, including planning towards the single public service and the one stop government information centres.
- *Statistics South Africa:* Assisted in budgeting and planning for household surveys, the living conditions survey and Census 2011.
- *National Treasury:* Supported initiatives by the South African Revenue Service (SARS) to strengthen capacity, modernise systems and improve project management. Also assisted Government Employees Pension Fund (GEPF) with its planning and budgeting framework.
- *South African Management Development Institute (SAMDI):* Supported the development of the strategy for a public service academy as well as the redesign of public sector courses.
- *Public Works:* Assisted in managing its property portfolio and putting government accommodation services on a business-oriented footing. Initiated the devolution of funds to provinces for accommodation related services. Participated in the planning of improved border post infrastructure as well as border control.

Justice and Protection Services unit contributes to policy planning, implementation and alignment of the strategic objectives of the Criminal Justice System as well as the Intergrated Justice System (IJS). In 2007/08, the unit provided technical assistance and expertise on a range of key projects, including:

- Support for the devolution of custodial functions and responsibilities from the Department of Public Works, including transfer of responsibility for police stations to the Department of Safety and Security.
- Support for the implementation of a new business and governance model for the IJS Programme, as well as the work plan and research design for the criminal justice system review project.
- Guidance on appropriate funding for six new correctional facilities.
- Support to the Department of Justice and Constitutional Development concerning the establishment of a PPP arrangement for monies in trust and rollout of IT systems aimed at improving the work of the department.



- Monitoring of capital modernisation projects of the Department of Defence.
- Support to the Department of Foreign Affairs with the drafting of the White Paper on the South African Participation in International Peace Missions.
- Oversight of the special arms procurement programme of the South African National Defence Force (SANDF) and the integration of the Special Defence Account allocation into the relevant programmes.
- Assistance to the Independent Complaints Directorate (ICD) with the development of a case flow management and monitoring tool.

The *Social Services* unit monitors and advises on a range of functions largely administered by provincial departments. During the review period the unit assessed and analysed budget options and financial implications of service delivery.

Policies and programmes that have come under review include:

- *Education:* The proposed Grade R funding norms and standards, funding norms for Further Education and Training (FET) colleges, the higher education funding review, support for the National Students Financial Aid Scheme (NSFAS) and the legal framework of the Fundisa Agreement.
- *Arts and Culture:* The funding model, legal and accountability framework for community libraries and funding requirements of Freedom Park.
- *Sport and Recreation:* Funding for loveLife, and the conditional grant for Mass Participation, School Sport and Legacy Projects.
- *Labour:* National Youth Policy Initiatives, the Review of the Umsobomvu Youth Fund, preferential procurement status for the youth and people with disabilities, the process required to integrate the occupational health and safety and compensation fund competencies, review of Sector Education and Training Authorities.
- *Social Development:* The development, planning and costing of the Occupation Specific Dispensation (OSD) for Social Welfare professions, litigation matters relating to social assistance, the costing of the extension of the Child Support Grant to children up to the age of 15 and for the gradual phasing in of the Old Age Pension for men between 60 and 65, costing and legislation for the expansion of the Early Childhood Development programme, child protection strategy, general social assistance grant increases and the Prevention and Treatment of Substance Abuse Bill.
- *Health:* HIV and Aids National Strategic Plan costing, the Medicines Control Council reform task team, allocations to universities for health professionals training, the Medical Schemes Amendment Bill and Risk Equalisation Fund issues, review of health sector progress and funding as well as improvements in financial management in the health sector.

The *Urban Development and Infrastructure* unit supports national departments involved in the provision of infrastructure through budget and expenditure analysis. With infrastructure investment in the public sector as a key driver of growth in the economy, the unit focuses on policies and programmes for the delivery of networks infrastructure



such as transport, electricity, water and sanitation, telecommunications and housing. Specific areas of focus in the year under review include:

- *Transport:* Supported the incorporation of Shosholoza Meyl and Autopax into the South African Rail Commuter Corporation; reviewed the public transport investment plans and spending of municipalities and the rural transport strategy. Also supported 2010 transport services and the transport master plan and integrated infrastructure planning processes.
- *Housing:* Policy and business case analysis of the Housing Development Agency Bill; input into the study titled “The introduction of a housing tax credit system in South Africa and support to the evaluation of the Neighbourhood Development Partnership Grant and the President’s Second Economy Reference Group”. Also assisted with legislation and reviewed funding instruments in support of housing infrastructure.
- *Water Affairs and Forestry:* Engagement on the development of water conservation and demand management policy and funding options; developing the bill for the National Water Resources Infrastructure Agency; the turnaround plan for the Water Trading Entity; implementation of water and sanitation services at schools and clinics as well as the implementation of bulk infrastructure.
- *Energy:* Engagement on the Integrated National Electrification Grant, Renewable Energy, Regional Electricity Distributors (REDS) establishment, Electricity Pricing Policy, and in early 2008 – on the electricity crisis – engaging with Eskom, the National Energy Regulator of South Africa (NERSA), Department of Minerals and Energy (DME), the National Energy Response Team (NERT) and its subcommittees.
- *Communications:* Engagement on the Sentech Wireless Broadband business plan and the special adjustment budget, World Cup 2010 ICT requirements, legislative support, Digital Terrestrial Television working group and set-top boxes, Schools ICT steering committee, universal services fund and agency issues.
- *Infrastructure Project Support:* Support for the construction of the De Hoop dam in Limpopo. Also undertook an expenditure analysis of projects funded from the Municipal Infrastructure Grant (MIG). A technical evaluation of capital infrastructure bids by departments was also undertaken.

Economic Services: Deals with six national departments which have a direct impact on economic growth and job creation. These are Agriculture, Environmental Affairs and Tourism, Land Affairs, Public Enterprises, Science and Technology, and Trade and Industry. Enhanced in-year expenditure monitoring was conducted for the six departments and expenditure reports were produced together with an assessment of policy proposals and capital requirements of:

- *Agriculture and Land Affairs:* Options for accelerating land reform and agricultural development, alignment of support for sustainable agricultural production and business development, advice on implementation of the proactive land acquisition strategy through amendments to the Provision of Land and Assistance Act relating to ownership and control of agricultural enterprises in a trading entity.



- *Environmental Affairs and Tourism:* Development of a model to improve domestic waste collection, participation in review of South Africa's response to climate change and sustainable development, review of cost recovery and tariff setting for the fishing industry and appropriate management and infrastructure planning for the fishing harbours.
- *Public Enterprises:* Review of financial aspects of state enterprise restructuring, including valuation of South African Express and payment to Transnet, capitalisation of South African Airways, Denel's turnaround strategy and capital requirements, financing of the Pebble Bed Modular Reactor (PBMR) demonstration plant and operational development, establishment of Infracore, VAT treatment of transfers to State Owned Enterprises (SOEs).
- *Science and Technology:* Business case analysis of the Technology Innovation Agency and the National Space Agency; evaluation of the Science and Technology Laws Amendment Bill and the National Space Agency Bill; financial analysis of the extension of the Square Kilometer Array radio telescope project and the development of the South African National Research Network (SANReN) computer network project.
- *Trade and Industry:* Financial analysis of the National Industrial Policy Framework and the Industrial Policy Action Plan; review of the Small Business Strategy, the Film Incentive Scheme, the Small and Medium Enterprise Development Programme (SMEDP) incentive scheme and new Enterprise Investment Programme; evaluation of the National Regulator for Compulsory Specifications Bill; Standards Bill and the Draft Consumer Protection Bill; establishment of National Metrology Institute; policy and business case analysis of the National Regulator for Compulsory Specifications; fee structure review of SABS Trade Metrology; review of the Critical Infrastructure Programme and participation in the Manufacturing Development Board and various interdepartmental oversight bodies.

Technical and Management Support

The *Technical Assistance* unit (TAU), co-funded by the Canadian International Development Agency (CIDA), provides programme and project management support to government initiatives (including donor-funded programmes) to contribute to building government's capacity for effective programme and project delivery.

In 2007/08 TAU supported a total of 53 projects. At the end of the financial year 34 were still current, whilst support to 19 projects was brought to a close, 17 were in the pipeline. These projects covered all three spheres of government with support focused on programme design, planning, support to the development of business plans, monitoring and evaluation.

The following is a list of projects illustrating the range and type of support services rendered to government departments:

- *Health:* CIDA funded programme in the NGO Co-ordination unit on HIV and AIDS – design and implementation support



- *Environmental Affairs and Tourism*: Integrated Coastal Management – leadership and project management capacity development to set up a project management capability.
- *Provincial and Local Government*: Monitoring and Evaluation Framework – developing models and performance indicators.
- *National Treasury*: Conditional Grants Improvement process – support to the cycle for development and implementation of programmes including business plan development.
- *Premier's Office, Mpumalanga*: Cluster system review.
- *Correctional Services*: Monitoring and evaluation system – development of models and performance indicators, as well as PPP prison specification refinement.
- *Arts and Culture*: Libraries recapitalisation project – business plan development.
- *Education*: FET Colleges – business plans development.
- *Water Affairs and Forestry*: Masibambane III – programme and project management capacity building on the new engineering contract and associated regulations.
- *Gert Sibande District Municipality*: Setting up of a capacity building programme.
- *City of Johannesburg*: Diagnostic Study on support needs of the City of Matola in Mozambique to inform the partnership agreement between the two cities.

TAU also focused on:

- Improved application of a results-based management approach in the technical and advisory support including contribution to the development of the National Treasury's Framework for Programme Performance Information.
- Initiated a programme and project management framework for government.
- Contributed to guidelines for managing function shifts in government.

The *2010 FIFA World Cup* unit provides support to the Finance Minister and his Deputy and the Local Organising Committee (LOC), for South Africa's hosting of the 2010 FIFA World Cup. The event provides opportunities to upgrade infrastructure and to market the country as a destination for investment. 2010 has been used as an opportunity to channel investment to key infrastructure programmes, including stadiums, transport, airports, communications, accommodation, broadcasting and telecommunication technology. In 2007/08 government committed significant resources to ensure not only a successful hosting of the 2010 FIFA World Cup competition but also a lasting legacy of new and improved infrastructure.

Highlights of 2007/08 include:

- Bringing forward R1.9 billion in the 2007 Special Adjustments Act from outer years of the MTEF to assist Host Cities with stadium construction and early procurement of costly components, thus minimising the escalation costs.
- Presentation of priority statements by Host Cities to the Department of Transport to



enable further funding of public transport projects.

- Compilation of government's funding contribution to the 2010 FIFA World Cup project as a key component of the 2008 Budget. Further resources were set aside for the World Cup, which is integrated into the much larger infrastructure spending programme between 2006 and 2010.

The 2010 unit supported other Departments and Host Cities responsible for the implementation of 2010 FIFA World Cup Projects in project management, cost control and contract management. This effort resulted in improved cost management as well as ensuring that timelines for the major infrastructure, especially the stadiums, will be met.

Intergovernmental Relations

The *Intergovernmental Relations* division coordinates fiscal relations between the national, provincial and local spheres of government. This is an important function given the design of intergovernmental funding arrangements, in which provinces and municipalities were allocated R243.1 billion, or 49.7 per cent of non-interest expenditure. The bulk of these resources are expended on core programmes such as school education, public health care and provision of the free basic municipal services (e.g. water, sanitation and electricity).

During the review period *Intergovernmental Relations* played a central role in compiling consolidated provincial budgets and quarterly expenditure reports required in terms of Section 32 of the PFMA, providing Parliament and provincial legislatures with valuable data for exercising more effective oversight. For the first time, quarterly reports on several municipal budgets were published. Similar consolidated reports on local government required by Section 71 of the MFMA were compiled and published for local government. The challenge is to expand coverage to all 283 municipalities across the country, taking into consideration the varying capacity challenges facing municipalities.

An internet-based course on the essentials of budget formulation was run in all nine provinces for officials from the three spheres of government, and 300 participants successfully completed the course. The course provides graduate-level training for professional staff and managers in finance and budget sections of departments.

Intergovernmental Relations also worked to ensure effective use of financial resources through the infrastructure delivery improvement programme, monitoring and reporting on provincial infrastructure delivery trends, and recommending a delay of transfers where provinces failed to comply with the conditions of national grants. The aim was to ensure that remedial steps were taken to improve the pace of delivery and the quality of infrastructure.

The division hosted quarterly meetings of officials from SALGA, provincial and national departments to assist in the co-ordination of MFMA implementation across all municipalities and provided hands-on support to 25 municipalities and nine provincial treasuries to implement the MFMA. A total of 22 international advisors with expertise in financial management were deployed to municipalities to support the preparation of budgets, improve reporting and build local skills. In addition, three roving advisers were



made available to provinces to assist with the monitoring of municipal financial management reforms. The municipal finance recovery service was established during 2007 and is being resourced to assist municipalities develop and implement recovery plans.

Building on the work of previous years, a total of 503 financial management interns were part of the programme to build capacity in municipalities. Municipal capacity has been further strengthened by the financial management grant, training of officials and councillors, the issuance of guidelines and policy support. Together these initiatives have enabled the National Treasury to publish revenue and expenditure reports required in terms of section 71 of the MFMA.

The division continued to raise awareness and facilitating compliance with the provisions of the MFMA by issuing circulars and guidelines to all municipalities. The MFMA implementation website registered a significant increase in hits during the review period.

The division was responsible for monitoring all provincial and local government budgets, and continued to compile a database of all such information. Working with other divisions of the National Treasury, it also coordinated *Provincial Budgets and Expenditure Review 2003/04 – 2009/10*. This publication sets out data on provincial budgets and expenditure and analysed trends in service delivery.

The local government fiscal framework has been revised to provide greater financial support to more poorer and rural municipalities. Specifically, the municipal infrastructure grant allocation has been adjusted to ensure that each municipality at least receives a minimum allocation of R5 million compared to allocations that were below R1 million.

To further enhance transparency, accountability, performance and planning, changes to the 2007 Division of Revenue Act now require that provinces publish hospital budgets per hospital, transfers to schools per school and housing allocations per municipality.

Programme 2: Public Finance and Budget Management



SERVICE DELIVERY ACHIEVEMENT Programme 2: Public Finance and Budget Management

Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
Budget Office	Annual budget framework and division of revenue	Integrity of budget framework: fiscal sustainability, structure and trends in fiscal indicators	Budget framework for MTBPS and Budget Review	Budget framework for MTBPS and Budget Review tabled on time and included an estimate of the structural budget balance
	Budget Review, Estimates of National Expenditure, appropriation legislation, treasury guidelines and public finance statistics	Quality of budget documentation published on Budget Day	Timely publication, accuracy of scope and quality of content	Budget documents continue to be of a high quality
	Expenditure planning and budget process management	Departmental and agency spending plans and submissions to Ministers' Committee on the Budget	Improved performance information as part of expenditure planning; improved infrastructure planning and project evaluation	Programme Performance Information Framework issued, and the ENE including a list of performance measures for each department
	International cooperation agreements	Alignment of Official Development Assistance (ODA) with government priorities	Improved coordination between ODA planning and budget process in the medium term	Greater coordination between donors and departments and adherence to the budget process through ongoing consultations
	Legislative reform, including finalising amendments to key framework legislation as it relates to governance and gain approvals from Cabinet and Parliament	Draft Bill for discussion and consultation	The strategic goal is to create a coherent regulatory environment and promote a consistent approach to governance, human resource management and financial management in the public sector, including 'extra-budgetary' entities	The draft Public Finance Management Bill was tabled in Cabinet in 28 May 2008. This draft included substantial changes to the governance of public entities. Contributed to PFMB



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
Public Finance	Deepen the principles of governance and accountability in public entities and governmental agencies and departmental business enterprises. Institutionalise budgeting, reporting and change management processes - it is essential that the oversight departments strengthen capacity	Implement a governance and financial management monitoring and compliance system for government agencies, public entities and departmental business enterprises	The strategic goal is to create a coherent regulatory environment and promote a consistent approach to governance, human resource management and financial management in the public sector, including 'extra-budgetary' entities	Regulatory environment for public entities is still evolving. The draft PFMB and the draft Public Administration Bill are key elements in the process of developing such a regulatory environment
	Sectoral and departmental policy advice	Timely and relevant analysis and advice	Review of budget submissions and preparation of estimates to meet budget process deadlines In-depth assessment of programmes and sectoral trends 5-10 review projects annually	Review of budget submissions completed for Medium Term Expenditure Committee; Estimates of National Expenditure published on Budget Day Expenditure reviews conducted for Provincial Budgets and Expenditure Review, for integrated justice sector and as inputs for MTEC and departmental reviews Review of social security options undertaken and completed
Technical and Management Support	Expenditure analysis	Quality of expenditure estimates	Enhancement of in-year expenditure monitoring and performance information systems over medium term Continued phasing in of consolidated departmental and agency estimates and expenditure reports	Programme performance indicators piloted for four departments; in-year monitoring implemented for all national departments; improved public entity information in 2008 ENE
	Oversight of 2010 FIFA World Cup funding	Compliance with financial management legislation, practices and procedures	Completion of stadiums and other 2010 FIFA World Cup projects within budget	Stadium construction was ongoing in review period
	Programme Project management support	Relevant advice and technical support on priority programmes in government to improve quality of spend	40 technical assistance projects Develop technical assistance cost-recovery framework	56 technical assistance projects covering priority areas in government (as at 16 April 2008: 36 current projects and 20 pipeline projects). Implementation of cost recovery on technical assistance projects
	Target allocation of public funds to municipalities for projects in under-developed areas i.e Neighbourhood Development Partnership Grant (NDPG)	Technical assistance and capital grants granted to a number of projects	60 projects in receipt of technical assistance by March 2008. 2 projects commenced construction by March 2008	72 projects in receipt of technical assistance by March 2008 (i.e awards finalised) 4 projects commenced construction by March 2008

Programme 2: Public Finance and Budget Management



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
Intergovernmental Relations	Black economic empowerment (BEE) participation in public private partnerships (PPPs)	Improved BEE participation in PPPs through alignment of PPP code with Department of Trade and Industry (DTI) codes	Gazetting of PPP BEE codes in collaboration with DTI	The gazetting is pending final revisions to PPPFA
	PPP programme and projects	Improve PPP project pipeline through registration of additional projects and better technical assistance	<p>Improve quality and flow of projects, streamlining advisory service, use of Project Development Facility and Neighbourhood Development Partnership Grant</p> <p>Provide technical assistance to 30 new municipal projects to access the Neighbourhood Development Partnership Grant</p> <p>Provide technical assistance for 10 additional national and provincial PPPs</p> <p>Register 7 new municipal PPPs</p> <p>Reach financial closure for 6 new PPPs</p>	<ul style="list-style-type: none"> ▪ Registered 5 new projects for the Department of Defence. Head office accommodation for the Navy, SAHMS, Defence Training Institute and Defence Intelligence. Further registered projects for the Gauteng Legislature accommodation, Phalaborwa Hospital and the SAPS accommodation project ▪ Reached financial close on the Department of Foreign Affairs accommodation, Port Alfred and Settlers Hospital, Department of Education office accommodation, Limpopo Health Renal Dialysis and Cape Nature De Hoop and Whale Trail projects ▪ Registered municipal projects for Rustenburg Solid Waste, Greater Kokstad Civic Centre, Vereeniging Precinct redevelopment project, Sediberg Regional Sewer Scheme, Swellendam land mix use project, Randfontein Municipality Riebeck Park redevelopment
	Facilitate development of PPPs for municipal services	Identify PPP project flow in municipal sphere for basic services in water reticulation and solid waste management	Publication of PPP municipal guidelines to assist municipalities with the implementation of new projects	The municipal service delivery and PPP guidelines have been published. Input was also provided from the guidelines to use in the development of training material by the Local Government SETA
	Provincial Budget Framework	Integrity of framework: fiscal sustainability, structure and trends in fiscal indicators	Provincial budget framework finalised by September	The road show for the guidelines began in May



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
	Local Government Budget Framework	Integrity of framework: fiscal sustainability, structure and trends in fiscal indicators	Local government budget framework finalised by September	Local government budget framework and all local government transfers finalised by September. Increased allocations made to poorer municipalities to allow them to meet their service delivery responsibilities
	Preparation of Division of Revenue Bill and Annexure E and the implementation of the Act	Quality of the Bill and Annexure E Funds transferred to provinces and departments in accordance with the Division of Revenue Act	Timely publication, accuracy of content	2008 Division of Revenue Bill finalised on time and enacted before the start of the financial year (Government Gazette 30940 of 01 April 2008). To enhance transparency, planning, accountability and performance, the Bill now requires that provinces publish hospital budgets per hospital, all transfers to schools and housing allocations per municipality. Annexure E published with the 2008 Division of Revenue Bill and placed on the National Treasury website
	Support and training for provincial government with: <ul style="list-style-type: none"> ▪ Financial management reforms ▪ Infrastructure planning ▪ Service delivery 	Number of provinces in which financial management programmes and reforms are being implemented in terms of the PFMA Number of Forums held and Courses rolled out to improve capacity of provinces to plan and budget	Transfers made in accordance with the Division of Revenue Act 9 provincial treasuries Quarterly CFO Forum meetings One budget formulation course focusing on legislatures One budget analysis course focussing on provincial treasuries	All transfers were made in accordance with the 2007 Division of Revenue Act All 9 provincial treasuries and all 119 provincial departments visited to give support with reporting on service delivery outputs Quarterly CFO Forums held with 12 sectors 300 Officials successfully completed budget formulation course Development of the budget analysis course was undertaken and the first draft of the training CD was completed

Programme 2: Public Finance and Budget Management



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target Target	Actual
		<p>Technical assistance to provincial departments with infrastructure planning</p>	<p>4 departments receiving technical assistance in each province (education, public works, health and roads)</p> <ul style="list-style-type: none"> ▪ Technical Assistance (TA) team deployed in each province providing a total of 36 TAs to support each targeted department (health, education and public works) with one full time TA plus short term TA ▪ Roving TA support given to 7 Transport and Roads departments <p>All provinces submit quarterly reports on infrastructure spending on time Increase proportion of capex expenditure to 95%</p>	<p>A total of 33 TAs deployed in targeted departments 23 Technical Assistants deployed to assist Education and Public Works in all 9 provinces, IDIP launched in Health through a successful Assessment and Design process. 10 TAs deployed in 7 Health departments, excluding Eastern Cape and Gauteng</p> <p>Assistance given to Roads through a roving TA targeting support to 7 provinces (excluding WC and KZN)</p> <p>Infrastructure reports submitted on time with improved quality</p> <p>93% of aggregate capex budget spent, only Mpumalanga spent less than 80% of its aggregate budget due to poor performance in education and health</p>
	<p>Technical assistance to municipalities with service delivery</p>	<p>60 low capacity municipalities receiving technical assistance</p> <p>144 experts deployed</p> <p>100 young professionals receiving professional experience</p>	<p>154 municipalities received technical assistance</p> <p>163 experts deployed</p> <p>133 young professionals receiving professional experience</p>	



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
	<p>Support and training for municipal government with:</p> <ul style="list-style-type: none"> ▪ financial management reforms ▪ infrastructure planning ▪ service delivery 	<p>Number of municipalities in which financial management programmes and reforms are being implemented in terms of the MFMA</p>	<p>Develop the new budget schedules and formats in line with Section 17 of the MFMA</p> <p>Develop database and capture actual information from 2003/04 to 2006/07, and budgeted information from 2007/08 to 2008/10 from source documents for inclusion in the 2008 Local Government Budgets and Expenditure Review</p> <p>Reduce duplications in data collection from municipalities by key stakeholders and users of municipal information</p> <p>Implementation of budget reform in 25 largest municipalities. Large municipalities are measured in terms of budget size for 2006/07</p> <p>Appointment of 500 interns in municipalities. Note that The ground framework has subsequently been changed to cover all Municipalities therefore all municipalities benefit as a result</p>	<p>Completed the development work for the Municipal Budget & Reporting Regulations. Tested them with real data from eThekweni municipality. As at 31 March 2008, the formats and draft regulations were undergoing legal refinement</p> <p>Designed, developed and created a municipal Dataset covering the actual financial outcomes from 2003/04 to 2006/07, and budgeted information from 2007/08 to 2009/10. Information for all 283 municipalities has been captured. Dataset will be used in the 2008 Local Government Budgets and Expenditure Review</p> <p>Made signification progress through the LG Data Collection Forum with the analysis of all the questionnaires and requests for information by national departments with the intension of avoiding duplication on information requirements to municipalities. About 18 000 requests were identified in 2007 for streamlining. 10 meetings were held with key stakeholders in the Forum, namely National Treasury, Stats SA, FFC, DPLG, SARB and DWAF</p> <p>MFMA implementation plans were submitted and monitored in 156 high and medium capacity municipalities and budget reforms were underway in 25 largest municipalities in terms of budget size</p> <p>Appointment of over 503 interns in 222 municipalities</p>

Programme 2: Public Finance and Budget Management



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target Target	Actual
			<p>All municipalities receive the Finance Management Grant to fund the finance reforms</p> <p>Verify and publish 2007/08 budget information for all municipalities 31 October 2007</p> <p>Actively monitor the implementation of the budgets of the 17 non delegated municipalities</p> <p>Develop tools, methodologies and guidelines to assist in monitoring the budget of municipalities</p>	<p>All municipalities in the country received their allocations. No FMG transfers were withheld due to non compliance</p> <p>Published multi-year budget information (2007 MTREF) for all 283 municipalities on 03 October 2007, three months after the beginning of the new municipal financial year</p> <p>Provided advice and feedback to 17 non-delegated municipalities on their 2007 budgets. Also visited these municipalities</p> <p>Mid-year performance assessment visits introduced and concluded in 18 big municipalities</p> <p>An additional delegated municipality (Tzaneen) was visited due to special circumstances it was faced with</p> <p>Developed a Funding Compliance methodology i.t.o. Section 18 & 19 (1)(d) of the MFMA, which includes a guideline that was issued to the 6 metros as a start for their 2008 MTREF. Support provided to Advisors (28 November 2007) and PT (30 November 2007)</p> <p>Applied the newly developed Funding Compliance Procedure to all 6 metros</p> <p>Established the Metro Budget Forum - 18 July 2007</p> <p>On 18 Feb 2008, issued the 2008 Budget Circular, providing guidance on preparation of municipal budgets</p>



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
	Section 32 of PFMA quarterly reports on spending trends	Timelines and accuracy of information of Section 32 reports	Accurate quarterly reports on provincial budget implementation	Monthly and quarterly monitoring of provincial finances carried out and four accurate quarterly reports gazetted. Analyses of quarterly reports were made public for the last three quarters on the NT website and as submissions to the finance and budget committees in Parliament
	Section 71 of MFMA quarterly reports on spending trends	Published reviews of provincial and municipal budgets and expenditure Number of municipalities publishing in-year reports	Enhanced scope of financial and non-financial service delivery information Publication of in-year reports on financial performance in 50 municipalities	Provincial review published in September 2007 under the title: <i>Provincial Budgets and Expenditure Review 2003/04 – 2009/10</i> <ul style="list-style-type: none"> ▪ Extended the coverage of the Section 71 publication from 43 municipalities (2006/07 Q1) to 243 municipalities (2007/08 Q2) ▪ introduced the publication of Conditional Grant information per municipality per grant type during the Q4 of 2006/07 ▪ this will enable the NT to monitor spending and compliance with DORA ▪ Publications and reports are reflected on NT website.
	Monitoring provincial departments service delivery against pre-determined objectives	Timelines and accuracy of information	Accurate quarterly reports on performance information	All 119 Provincial Departments report quarterly on their service delivery performances against pre-determined objectives to Provincial Treasuries. National Treasury consolidates the non-financial data of the 9 Provincial Treasuries in one comprehensive report and made it quarterly available together with the Section 32 report to budget analysts and other key stakeholders



Programme 3

ASSET AND LIABILITY MANAGEMENT

Purpose: *Asset and Liability Management* is responsible for the prudent management of government's financial assets and liabilities.

Measurable objective: This programme aims to ensure prudent cash and financial management, oversight of state-owned entities and optimal management of the state's domestic and foreign debt.

- *Management* manages the office of the head of the division.
- *Asset Management* promotes the optimal allocation and use of financial resources and sound corporate governance in state-owned entities through financial oversight in accordance with government policy.
- *Liability Management* provides for government's funding needs, manages domestic and foreign debt, and contributes to the development of domestic capital markets.
- *Financial Operations* provides for prudent management of cash in all spheres of government, efficient accounting of debt and investment transactions, supply of reliable systems and provision of quality information.
- *Strategy and Risk Management* develops and maintains a risk management framework.

Service Delivery Objectives and Indicators

Recent outputs

Liability Management: For the first time in the history of South Africa, the country recorded a budget surplus driven by years of robust economic growth. This lowered the government's borrowing requirement, providing greater flexibility in policy choices. Government's debt management strategy has evolved from exclusively financing the borrowing requirement to broader support for government's macro-economic objectives.

During the review period the net negative borrowing requirement was R14.3 billion compared to the budgeted R11.6 billion. This net cash inflow was used to increase cash and other balances by R12.8 billion net debt was reduced by R1.5 billion through the issuance of domestic short-term loans (R5.7 billion), domestic long-term loans (-R2.4 billion) and foreign long-term loans (-R4.8 billion).

Government issued a 21-year inflation-linked bond to support liquidity in the domestic market. In addition, R4.1 billion of the R198 inflation-linked bond was switched into the R202 and R210 longer dated inflation-linked bonds, assisting in building the volume of inflation-linked benchmark bonds. Furthermore, reverse repo facilities valued at



R20 billion were transacted, to enhance efficiency in the primary and secondary inflation-linked bond markets.

To actively manage its foreign debt portfolio, government entered into buy-back and exchange transactions that included the issuance of a US\$1 billion loan that matures in 2022. The new bond with a coupon of 5.875% was issued at 120 basis points over the 10-year US Treasury bond and 54 basis points over the fifteen year swap rate. These transactions resulted in a net buy-back of US\$218 million, equivalent to R1.6 billion.

Debt service cost as a percentage of GDP continued to decline, reaching 2.6 per cent of GDP.

Financial Operations: Provinces continued to use their intergovernmental cash coordination accounts at the Corporation for Public Deposits as an investment and bridging finance facility, resulting in a national and provincial government saving of 3.89 per cent on short-term borrowing and a 0.7 per cent gain on investments. A similar investment facility has been set up for other public entities.

The customisation of the foreign debt portion of the new back office system has been completed and is currently being tested. In line with the revised divisional IT strategy, IT governance is being addressed in conjunction with implementing the new back office system.

Strategy and Risk Management: During 2007, government continued to actively manage debt and sovereign external vulnerability, also ensuring that the issuance of new debt occurs within risk guidelines.

The risk profile of government's debt portfolio has been affected by the performance of the rand against other currencies, movement in both domestic and international interest rates, and the options chosen by the National Treasury in its funding strategy. Floating-rate debt (treasury bills, inflation linked bonds and floating rate notes) accounted for 25.5 per cent and fixed-income debt for 74.5 per cent of the domestic debt portfolio as at 31 March 2008, compared to the target of 30 per cent floating versus 70 per cent fixed-income debt. The weighted modified duration of domestic marketable bonds, which determines the sensitivity of the bond portfolio to interest rates, declined from 5.4 years on 31 March 2007 to 5.3 years on 31 March 2008. Foreign debt was 15 per cent of the total debt portfolio as at 31 March 2008, remaining well within the 20-25 per cent target range.

During 2007, Moody's Investor Service and Fitch Ratings revised South Africa's sovereign credit ratings from 'stable' to 'positive' because of the the country's reduced external vulnerability.

Risks arising from contingent liabilities continued to be a strategic focus area. Monitoring and the oversight role of contingent liability exposures arising from Public Private Partnerships and broader fiscal liabilities were also incorporated in the management of contingent liabilities. Counterparties are continuously reviewed and rated in terms of risk, and government exposures are continuously adjusted.

Asset Management – During the review period State-Owned Entities (SOEs) remained pivotal in lowering the cost of doing business in South Africa and promoting economic



growth and development. SOEs continue to invest in financial resources and key infrastructure projects that are intended to attract higher levels of sustainable investment. Concerted effort should be placed on promoting and improving financial performance, operational efficiency and effectiveness, sound governance, and the development impact of the service provided by the SOEs. Furthermore, sound management of financial resources within a robust treasury management framework is encouraged.

The following initiatives have been undertaken to support financial oversight:

- Promotion of appropriate treasury management policies and practices for SOEs.
- Proposing the Development Finance Institutions (DFIs) policy.
- Evaluation and implementation of policies concerning financial distribution and capital structure.
- Continued investigation into a comprehensive shareholder management model.

The review of SOE Treasury operations is ongoing with the relevant executive authorities and individual entities regarding progress on the implementation of recommendations.

A three-phase approach was adopted for tackling the DFI mandate reviews. All the three phases were completed by 31 March 2008. The recommendations of the review and the development finance policy have been approved by Cabinet with some changes and the implementation process will commence during 2008/09. National Treasury has completed financial models for all Schedule 2 SOEs, and will engage with the SOEs and shareholder departments to determine individual capital structures and dividend policies. Shareholder management amendments have been accommodated in the Public Finance Management Act Amendment Bill.

In the context of promoting optimal utilisation of available financial resources, thereby ensuring a stable financial market, the borrowing activities of SOEs are monitored and coordinated by compiling a consolidated maturity profile of the domestic and foreign debt of government and SOEs on a quarterly basis.

Dividends amounting to R2.5 billion were received from SOEs as a direct result of government's financial oversight.



SERVICE DELIVERY ACHIEVEMENT

Programme 3: Asset and Liability Management

Subprogramme	Output	Output performance Measure/service delivery indicator	Actual Performance Against Target	
			Target	Actual
Asset Management	Present report on review of mandates of Development Finance Institutions (DFIs)	Review of mandate of DFI completed	Completed report by August 2007	Phase 1 completed July 2007
		Development finance systems developed	Completed by December 2007	Phase 2 completed March 2008
	Development finance policy document completed	Completed by June 2008	Phase 3 completed March 2008 Report submitted to Cabinet on 23 April 2008	
	Promote appropriate treasury management policies and practices for State Owned Entities (SOEs)	100% follow-ups done on implementation of guidelines	15 SOEs reviewed against Best Practice Guideline. A further 2 SOEs (SABC, Petros) added, report finalised and discussed with shareholder departments	
Formulate SOE dividend policies	Financial modelling of appropriate dividend policies for SOEs	60% modelled	Capital structure benchmarking and dividend policy document approved by Cabinet in 2005 which required targets to be agreed with each SOE The process for determining appropriate targets was revised Financial modelling of SOEs 100% completed by December 2007 Analysis to determine the appropriate target capital structure for each SOE to commence in 2008/09	
Prudent management of SOEs	Dividend policy adherence	40% of SOEs	Dividend targets for each SOE to be negotiated based on capital structure analysis	
	PFMA and King Code compliance and monitoring	Quarterly	Ongoing, 98% of Schedule 3B entities submitted annual financial statements (AFS) and corporate plans on time 100% of Schedule 2 public entities complied with reporting requirements of Section 55 of the PFMA	

Programme 3: Asset and Liability Management



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual Performance Against Target	
			Target	Actual
Liability Management	Shareholder management model	Shareholder management model	PFMA amendments to reflect prudent shareholder management	Amendments incorporated in the PFMA Amendments Bill to be submitted to Cabinet
	Financial oversight of SOEs	Financial oversight of SOEs	Continued interventions and monitoring of SOEs	Reviewed corporate plans and financial statements Participated in and initiated major interventions and restructuring
	Level of compliance to electronic submission	Level of compliance to electronic submission	40% submitting electronically	45% submitted electronically
	Annual total government borrowing needs fully met	Annual total government borrowing needs fully met	Net negative issuance of R11.6 billion	Net negative issuance of R14.3 billion
	Enhanced liquidity	Enhanced liquidity	Concentrate issuance in benchmark bonds	Funding was concentrated in the R204, R206, R207, R208 and R209 benchmark bonds
	Buy-back and exchange in foreign and domestic debt portfolios	Buy-back and exchange in foreign and domestic debt portfolios	Foreign debt portfolio restructured to a minimum of US\$350 million	Issues in these bonds accounted for 82% of total fixed-income issues
	Debt service cost as percentage of GDP declines	Debt service cost as percentage of GDP declines	2.7% of GDP	Foreign debt portfolio restructured by US\$ 1.2 billion R4.1 billion of domestic bonds was switched to longer dated bonds 2.6% of GDP
	Diversification of funding instruments	Diversification of funding instruments	Introduction of a new inflation-linked bond maturing in 2027/28 and inflation-linked retail bonds	Both inflation linked bonds issued
	Retain current investors and attract new ones	Retain current investors and attract new ones	Attract 20% new investors	24% new investors took up 40% of the RSA Global 2022 bond
	Investor interaction and information dissemination	Investor interaction and information dissemination	Annual domestic and foreign road shows, teleconferences and meetings	Conducted 2 non-deal domestic road shows and 1 deal and 1 non-deal foreign road show Monthly "reverse road shows" and quarterly teleconferences with market participants
		Timely dissemination of reliable information	Compliance with disclosure requirements of the SEC, Luxembourg and Kanto local finance bureau was met. SEC shelf amount upgraded from US\$ 900 million to US\$ 3 billion	



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual Performance Against Target	
			Target	Actual
Financial Operations	Sound cash forecasts	Government's liquidity requirements met every time	Forecasting R1.3 trillion of cash flows	R1.7 trillion of cash flows forecasted
	Optimise return on investment	Investment of surplus cash at market-related rates	Quarterly analysis and reviews	Quarterly analysis and review of Tax and Loan Account rate against related market rates Interest earned is on average equal to Treasury bill yield plus 5 basis points, on average 12 basis points higher than the market
		Intergovernmental cash coordinated	Continuous improvements to intergovernmental cash coordination	Portfolio of accounts established at the CPD for public entities Account configuration for the Southern African Customs Union (SACU) established
		Saving by provincial governments through cash coordination	Saving of 2% on borrowing costs compared to borrowing from commercial banks	National and provincial governments saving up to 3.89% on short-term borrowing and gaining on average 0.7% on call investments
	Annual financial statements and market reports	Timely reporting	Compliance with PFMA reporting requirements regarding annual financial statement Timely dissemination of reliable market information	Complied with PFMA reporting requirements
	Treasury management systems	Reliable automated and integrated systems	Rollout of the new back-office system	Reliable market information timely disseminated Comprehensive project plan agreed upon which splits the implementation of the system into 4: foreign, capital, retail and money market Customisation of the foreign debt portion of the system completed; configuration and testing underway

Programme 3: Asset and Liability Management



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual Performance Against Target	
			Target	Actual
Strategy and Risk Management	Minimise and mitigate risks emanating from government debt portfolio (market risk)	Performance against benchmarks: <ul style="list-style-type: none"> ▪ Floating vs. fixed debt ▪ Foreign debt vs. domestic debt ▪ Duration range ▪ Average maturity below 9.75 years 	Review of 30/70 floating vs fixed debt benchmark and implement	The domestic debt composition is 25.5% floating and 74.5% fixed-rate debt
			Review of 20 – 25% foreign debt benchmark and implement	Year-end split between foreign and domestic debt was 16.9% vs 83.1%
			Review benchmark of 5.3 – 6 years and implement	The weighted modified duration of the domestic marketable bonds was 5.3 years compared to 5.4 years on 31 March 2007
			Review of appropriate new issuances and debt consolidations	The weighted average term to maturity of the domestic debt portfolio is 8.5 years compared to 8.4 years on 31 March 2007
Minimise and mitigate counterparty risks emanating from investment of surplus cash	Adherence to surplus cash benchmark investment ratios and total limits per counterparty	Quantitative indicators of sovereign risk	Review of investment ratios and limits	Adhered to guidelines
			Semi-annual sovereign credit rating reviews	Reviews took place and adhered to guidelines
			Review benchmark of 50% of GDP	Government debt plus contingent liabilities of 32.4 % of GDP on 31 March 2008 against a benchmark of 50%
Minimise and mitigate sovereign credit rating risks	Manage contingent liabilities appropriately	Capping total government debt plus contingent liabilities as a percentage of GDP		



Programme 4

FINANCIAL MANAGEMENT AND SYSTEMS

Purpose: *Financial Management and Systems* manages and regulates government's supply chain management processes, implements and maintains standardised financial systems, and coordinates the implementation of the Public Finance Management Act (PFMA) and related initiatives to build capacity.

Measurable objective: The programme aims to regulate and oversee public-sector supply chain management and standardise the financial systems of national and provincial government, while coordinating implementation of the PFMA.

Managed by the Specialist Functions division, programme activities are carried out under the following subprogrammes:

- *Supply Chain Management* develops policy that regulates supply chain management processes in the public sector, monitors policy outcomes and facilitates and manages transversal term contracts on behalf of government.
- *PFMA Implementation and Coordination* provides for the National Treasury's role in coordinating implementation of the PFMA and related training initiatives.
- *Financial Systems* provides for the maintenance and enhancement of existing financial management systems and the introduction of systems that are compliant with both the PFMA and Generally Recognised Accounting Practice (GRAP).

Service Delivery Objectives and Indicators

Recent outputs

Supply Chain Management continued to improve SCM practices and procedures in all spheres of government. The *Supply Chain Management Framework* requires departments, constitutional institutions and Schedule 3A and 3C public entities to establish supply chain management units within the offices of chief financial officers; to ensure that clear lines of authority and accountability exist; to improve sourcing procedures and processes and to enhance asset and inventory management. All national and provincial departments, constitutional institutions and Schedule 3A and 3C public entities implemented the Framework.

The *Municipal Supply Chain Management Framework* has been implemented in all municipalities and municipal entities.

Government's strategic procurement guideline and sourcing methodology help direct state spending to achieve its broader socioeconomic objectives. The Specialist Functions division is the custodian of strategic sourcing and is responsible for facilitating transversal term contracts used by various national and provincial departments. During 2007/08 strategic sourcing was applied to 95 per cent of transversal term contracts.



During the review period *Supply Chain Management* issued three practice notes and three circulars in terms of the PFMA and three circulars in terms of the MFMA. These practice notes and circulars were issued to enhance the supply chain management system. This included aspects relating to procurement of goods and services by means other than through the invitation of competitive bids, introducing reporting measures, revision of the threshold values, the National Industrial Participation (NIP) programme, restrictions of suppliers and checking the prohibition status of recommended bidders prior to awarding any contract.

Following the misalignment between the Preferential Procurement Policy Framework Act, No 5 of 2000 (PPPFA) and the Broad-Based Black Economic Empowerment Act, No 53 of 2003 (B-BBEEA) Cabinet directed that these should be reviewed such that alignment exists with the set objectives. The approach to the alignment of the objectives of the two acts was agreed upon by the National Treasury and the Department of Trade and Industry. Currently, the PPPFA regulations are incorporated as an integral part of the broader regulations on Supply Chain Management that had been issued in terms of the PFMA.

Against this background certain provisions were included in the recommendations that were submitted to Cabinet during May 2008 for the review of the PFMA; where these provisions were intended to repeal the current PPPFA and give effect to the alignment of the two acts in the reviewed PFMA and its new supporting regulations. Cabinet resolved that further consultation should take place between the Minister of Finance and the Minister of Trade and Industry.

Cabinet further directed that the Minister of Finance gives consideration to and submits proposals in the possible establishment of a centrally located Compliance Office to monitor procurement compliance at all spheres of government. In this regard, the National Treasury has commenced with certain initiatives to give effect to Cabinet's directive. This monitoring of procurement compliance is consistent with National Treasury's power to monitor and assess prescribed norms and standards.

PFMA Implementation and Coordination submitted detailed reports to the Portfolio Committee on Finance and to the Standing Committee on Public Accounts on progress with implementation of the PFMA. These reports focused on audit trends identified by the Auditor-General during his 2005/06 audit and also provided details of National Treasury's interventions to help institutions rectify concerns raised by the Auditor-General. These interventions included:

- the annual development of reporting frameworks within which national and provincial departments account for and report on their transactions;
- appointed a service provider to conduct the internal audit and external quality assurance reviews to ensure that a uniform approach is followed when conducting such reviews;
- conducted a risk management survey among national and provincial departments to identify challenging areas after which appropriate strategies were developed; and



- developed questionnaires to generate early warning reports such that corrective steps could be taken to address potential audit concerns.

During the period under review, a memorandum was presented to Cabinet on the audit outcomes of national and provincial institutions for 2006/07. The memorandum also focused on the tabling of annual reports and financial statements in the legislature by all PFMA compliant institutions. Cabinet resolved that institutions should submit corrective plans to the National Treasury detailing how they would rectify concerns raised in their audit reports.

During 2007/08, National Treasury continued to work with South African Management Development Institute (SAMDI) to provide supply chain management training. A total of 2 405 trainees participated in 116 courses. Supply chain management did not realise all the intended results, as the roll out of the strategic sourcing training was deferred, pending the development and finalisation of unit standards and training on alignment of the PPPFA and the B-BBEEA. In addition, delays were also experienced in respect of contract management training.

National Treasury in collaboration with SAMDI also developed a financial management training strategy. The National Treasury continued to provide the institute with technical support to ensure that training material is aligned with legislative and financial reforms. Through a bid process, SAMDI selected four training service providers for the roll out of 11 high quality short courses at competitive rates.

During 2007/08 a total of 1 273 trainees benefited from 78 internal audit as well as risk management and accounting related courses. This training also did not materialise to the extent anticipated, largely due to delays experienced by SAMDI in the finalisation of the required training material. The training only commenced in July 2007 instead of April 2007. SAMDI's transition towards an academy also contributed towards the training not being rolled out to the extent planned.

During January 2008, the National Treasury distributed the Public Finance Management Bill to institutions within Government with an invitation to provide comments. The Bill was subsequently updated with comments received.

Financial Systems: A tender for the integrated development environment toolset was awarded in November 2007, adding to the significant progress made on the Integrated Financial Management Systems (IFMS) project

The Procurement Commercial-Off-The-Shelf (COTS) tender as well as the Human Resource (HR) Management COTS tenders were conditionally awarded in November 2007 and December 2007 respectively. In April 2008 contract negotiations commenced with the Procurement COTS tender while in May 2008 contract negotiations commenced with the HR COTS tender. These tenders have added to the growing momentum for the project and have not only provided early deliverables but also made up for initial delays. A substantive decline in progress was also noticed as a result of difficulty in accessing appropriate information and communication technology skills by the State Information Technology Agency (SITA).

Programme 4: Financial Management and Systems



Existing systems continue to be maintained to support critical requirements in line with the PFMA, and their performance during the year has been according to expectations. SITA continues to review required capacity on the mainframes and protection of the networks.



SERVICE DELIVERY ACHIEVEMENT

Programme 4: Financial Management and Systems

Subprogramme		Output	Output performance Measure/service delivery indicator	Actual performance against target	
				Target	Actual
Measurable objective: The programme oversees publicsector supply chain management, standardises the financial systems of national and provincial government, and coordinates implementation of the PFMA					
Subprogramme	PFMA Implementation and Coordination	Coordinate implementation of PFMA and related training initiatives, and monitor implementation in institutions to which the Act applies	Report to Portfolio Committee on Finance and Standing Committee on Public Accounts (SCOFA) on progress with PFMA implementation Report to Cabinet on audit outcomes of national and provincial entities	July 2007 November 2007	Reports on progress with PFMA implementation forwarded to SCOFA and to the Portfolio Committee on Finance in August 2007 A Memorandum on Audit Outcomes and on the tabling of annual reports and financial statements was tabled in Cabinet in January 2008
	Financial Systems	Implement, maintain and improve financial management systems	Number of courses presented to trainees to assist with implementation of financial reforms Supply chain management Internal audit and risk management Accounting related courses Percentage availability of financial management systems during work hours Implement master systems plan for integrated financial management system	266 courses – 5 320 trainees 105 courses – 2 310 trainees 260 courses – 5 720 trainees 98% system availability during office hours Phase II – detailed technical design of systems specifications and organisational preparation: September 2007	116 courses – 2405 trainees 6 courses – 140 trainees 72 courses – 1 133 trainees 98% availability of financial management systems First draft of system architecture submitted in November 2007 Internal review completed in February 2008 (external review by international experts is managed by DPSA)
				Award Integrated Development Environment (IDE) tender – June 2007	IDE tender awarded and contract finalised in November 2007

Programme 4: Financial Management and Systems

Subprogramme	Output	Output performance Measure/service delivery indicator	Actual Performance Against Target	
			Target	Actual
		Implement master systems plan for integrated financial management system (cont)	Fast Track Phase III Commence development of asset management system – June 2007 Award Procurement Commercial Off-The-Shelf (COTS) tender – July 2007 Customise procurement module – July 2007-March 2008 HR COTS Tender Publish tender – April 2007 Award tender – October 2007 Customise HR COTS solution – October 2007 - March 2008	Ongoing discussions have commenced on the funding structure for the IFMS Development of Asset Management module commenced in December 2007 Procurement COTS module tender conditionally awarded in November 2007 Contract negotiations commenced in April 2008 HR COTS module tender conditionally awarded in December 2007 Contract negotiations commenced in May 2008
Supply Chain Management	Align Preferential Procurement System with Broad-Based BEE	Revision of Preferential Procurement Policy Framework Act (PPFA) and its regulations	Promulgation of revised PPFA and its regulations by March 2008	The promulgation of the revised Preferential Procurement Policy Framework Act (PPFA) and its regulations have not been finalised It was resolved that it would be more appropriate to issue a new SCM Framework in terms of the revised PFMA Ongoing discussions between National Treasury and the DTI are on track to finalise the revised Framework It is further envisaged that the PPFA will be repealed through appropriate amendments to the PFMA which will include provisions for the issuing of a revised SCM Framework
	Regulate and monitor supply chain management policy and manage general supply contracts on behalf of government	Implementation of consistent legislative and policy framework	Phased implementation strategy and reports to Cabinet and Standing Committee on Public Accounts (SCOPA) – March 2007 During 2007/08	A report on the status of measured preferential procurement policy outcomes to be submitted in August 2008 Issued 3 practice notes and 3 circulars in terms of the PFMA and 3 circulars in terms of the MFMA.
	Introduce strategic sourcing principles to enhance value for money	Applicable to at least 70% transversal term contracts	Introduce strategic sourcing strategies for 70% of all term contracts	Strategic sourcing principles introduced to 95% of all term contracts

*Note: Supply Chain Management training did not materialise to the extent anticipated during 2006/07, and this affected the training demand for 2007/08. In addition, delays have been experienced in the alignment of the PPFA and the Broad Based Black Economic Empowerment Act, resulting in the cancellation of certain courses. The rollout of Contract Management courses has also been affected due to delays with the development of course material. The anticipated Supply Chain Management training figures for 2007/08 are therefore, as indicated in this report, different from the information presented in the 2007 ENE.



FRP

Programme 5

FINANCIAL ACCOUNTING AND REPORTING

Purpose: *Financial Accounting and Reporting* seeks to enhance accountability and governance by promoting the transparent, efficient and prudent management of revenue, expenditure, assets and liabilities. It develops frameworks, guidelines, practice notes and transversal policies for internal auditing, risk management and accounting for the public service. It sets new government accounting policies and practices, and improves existing ones, to ensure compliance with the Generally Recognised Accounting Practice (GRAP); prepares consolidated financial statements; and works to improve the timeliness and accuracy of financial reporting.

Measurable objective: The programme aims to promote accountability to the general public by promoting transparency and effective management of revenue, expenditure, assets and liabilities in the public sector.

The programme consists of six subprogrammes:

- *Financial Reporting for National Accounts* is responsible for accounting for the National Revenue Fund and the RDP Fund, banking services for national government, and preparing consolidated financial statements.
- *Financial Management Improvement* includes improving financial management through training, developing and implementing accounting policies and internal audit services.
- *Investment of Public Monies* accommodates augmentation of the Public Investment Corporation's (PIC) bank account.
- *Service Charges (Commercial Banks)* provides for bank service charges for all departments' deposit accounts.
- *Audit Statutory Bodies* provides for compensation for certain shortfalls of statutory bodies and municipalities in terms of the Auditor-General Act (12 of 1995).
- *Contingent Liabilities: Reinsurance Liabilities* provides for reinsurance granted to insurers arising from loss or damage to property, funds payments or consequential loss as a result of riots in terms of the Reinsurance of Damages and Losses Act (54 of 1989), and grants loans and advances to such insurers in terms of the act.

Service Delivery Objectives and Indicators

Recent outputs

The *Financial Reporting for National Accounts* unit produced a set of Consolidated Financial Information (CFI) for national government for 2006/07. The CFI was audited and tabled in Parliament in compliance with the requirements of the Public Finance



Management Act (PFMA). Challenges in respect of the consolidation process, are a result of the application of the cash and accrual bases of accounting in government departments and public entities respectively.

In order to improve the quality of the CFI and support government departments in preparing for the 2007/08 financial year end, a standardised financial reporting template was developed. This was done in consultation with various stakeholders, including departments, public entities and the Office of the Auditor-General. The templates incorporated policy improvements to the reporting framework in line with GRAP standards issued by the Accounting Standards Board (ASB) and the transition to the accrual basis of accounting. A template for the consolidation process was also developed during the year to facilitate the process.

Workshops and other targeted initiatives ensured a successful implementation of the reporting frameworks. During the review period there was notable improvement in terms of PFMA compliance. The division also ensured compliance with the annual financial statements submission and publication requirements through regular support and formal communication.

The financial year ending 30 June 2006 was the first year in which high capacity municipalities had to comply with all provisions of the Municipal Finance Management Act (MFMA). This was challenging for the majority of the municipalities in relation to compliance with the new accounting standards. The Minister granted an exemption from compliance with some of the required standards. This delayed the implementation of the more complex standards as stipulated in government gazette 30013 dated 29 June 2007. An explanatory memorandum on the application of this gazette through circular no. 44 was provided.

The *Financial Management Improvement* unit continued to develop new and refined existing accounting policies to comply with the standards issued by the Accounting Standards Board (ASB). These policies were included in the guidelines for the preparation of the annual financial statements for national and provincial departments.

In order to assist departments, public entities and local government improve the quality and timing of their annual reports, the division issued the reporting frameworks and templates to be used for the annual financial statements for the year ending 31 March 2009.

The implementation of 17 additional standards of GRAP for public entities, municipalities and municipal entities as stipulated in government gazette number 31021 was approved by the Minister. The division prepared a set of guidelines for public entities and worked with the ASB on the transitional provisions relating to the more complex standards. These transitional provisions offer guidelines on the first time adoption of the standards and in some cases allow entities additional time to comply with the standards.

The division continued to participate in various local and international public sector technical fora. In addition, the division continued to support the East and Southern African Association of Accountants-General (ESAAG) member countries with training on the cash and accrual International Public Sector Accounting Standards (IPSAS).



The *Financial Management Improvement* subprogramme revised the internal audit and risk management frameworks in local government, and continued to support internal auditors and risk managers in all spheres of government. Support in these areas included training sessions which benefited 394 internal auditors and 150 risk management officials.

In an effort to enhance governance processes in government departments and municipalities the OAG conducted internal audit Quality Assurance Reviews (QAR) for 36 municipalities and 18 out of 19 national departments.

The OAG successfully hosted an Internal Audit Indaba and Risk Management Symposium to enhance knowledge sharing among government officials. The survey of government risk management was finalised with the assistance of Statistics South Africa. The results of the survey provide invaluable insight for the development of risk management support initiatives.

During the review period the National Treasury was accredited as an Approved Training Organisation (ATO) to offer training for chartered accountants by the South African Institute of Chartered Accountants (SAICA) through the Training Outside Public Practice (TOPP) programme. The TOPP programme which has eight trainees was formally implemented in January 2008. The National Treasury further sponsored 10 learners in SAICA's Thuthuka Bursary Fund. The OAG continued to employ interns in risk management, internal audit and accounting.

Programme 5: Financial Accounting and Reporting



SERVICE DELIVERY ACHIEVEMENT Programme 5: Financial Accounting and Reporting

Measurable objective: To achieve accountability to the general public by promoting transparency and effective management of revenue, expenditure, assets and liabilities in the public sector		Actual performance against target			
Subprogramme	Output	Output performance Measure/service delivery indicator	Target	Actual	
Financial Reporting for National Accounts	Monthly statements of actual revenue and expenditure with regard to the National Revenue Fund	Timely publishing of accurate reports	Within 30 days of month-end	All monthly statements were published on time	
	Specimen formats for Consolidated Annual Financial Statements (CAFS) and conduct implementation sessions	Agreed formats for Annual Consolidated Annual Financial Statements (CAFS) that comply with government prescripts	28 February 2007 for 2006/07	Specimen formats were finalised and implementation sessions conducted on time	
	Consolidated AFS for national government	Consolidated AFS for national government submitted to Auditor-General	20 August 2007	Consolidated AFS were submitted to the Auditor-General on time	
	AFS for the RDP Fund	Tabling of CAFS in Parliament	31 October 2007	The consolidated Annual Financial Information tabled by 30 October 2007	
	Support implementation of reporting framework and related topics	Audited and published annual financial statements for the RDP Fund	Training on templates and reforms: Departments	By February 2008 for 2008/09 financial year	Training for all departments by February 2008
			Local government Information sharing fora	May to June 4 Chief Financial Officers' fora per year	Local government training done in June 2007 CFO fora held during the review period
			2 Provincial Accountants-General fora per year	2 Provincial Accountants-General fora held	2 meetings with the Provincial Accountants-General held



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
Financial Management Improvement	Enhanced framework for the transition from cash to accrual basis of accounting	Completed framework for transition complies with the ASB work plan and adheres to best practice	Updated motivation paper by 31 March 2008	Motivation paper updated. Developed a database of GRAP accounting and disclosure requirements and identified amendments to be made to the specimen over the MTEF, based on system capabilities as well as the time required to upload information
		Reporting framework document for departments, and consolidation template for public entities	31 March 2008 for 2008/09	Framework for 2008/09 published by 31 March 2008
	Annual financial reporting framework in line with financial management improvement plan	Specimen AFS template issued	31 March 2008 for 2008/09	Work in progress a template for 2008/09 and will be completed by 30 June 2008. Delays caused by the SCOA training and the lack of data (in the new BAS databases) to test the template
		Final preparation guide for AFS issued	31 March 2008 for 2008/09	Template for public entities for the 2008/09 financial year finalised by 31 March 2008
	Accounting policies and practices in support of framework for transition from cash to accrual basis of accounting	Preparation guide for annual report	31 March 2008 for 2008/09	Preparation guide will be published along with the final template by 30 June 2008 (additional guidance is required on the new template which will be finalised by end June)
		Accounting policies and practices in line with approved accounting standards and adhere to best practice	100% alignment to approved standards	Preparation guide will be published along with the final excel template by 30 June 2008 (additional guidance is required on the new template which will be finalised by end June)
	Accounting policies and practices in support of framework for transition from cash to accrual basis of accounting	Financial management policies to promote sound management, reflecting best practice	100% alignment to approved standards	All accrual accounting policies in GRAP database were updated and aligned to the GRAP standards and the hierarchy in GRAP 3 where appropriate
		Accounting policies and practices in support of framework for transition from cash to accrual basis of accounting	100% alignment to approved standards	All cash accounting policies applied by departments are in line with legislative prescripts, system capabilities and the accounting standards where possible

Programme 5: Financial Accounting and Reporting



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
	Internal audit and risk management frameworks for national and provincial departments Enhance service delivery capability of audit committees, internal auditors and risk managers through training programmes and workshops	Revision of internal audit framework	Approval of the revised framework by 31 December 2007	Internal Audit Framework has been completed Risk Management Framework completed and approved. The consultation process on the supporting templates is ongoing and will be concluded in June
		Relevant training programmes on internal audit, focusing on performance audits Facilitate regular training programmes and workshops for departments	31 December 2007	394 internal auditors were trained on "Fundamentals of internal auditing". The training programmes took place in all spheres of governments
		Number of workshops	At least one national workshop and one workshop per province	Risk Management training workshops were held in which approximately 150 officials were trained. 3 Risk Management fora held during the year
		Annual internal audit indaba	31 March 2008	Indaba successfully held in Durban with over 437 delegates in attendance. The overall rating for the conference improved from 80% in 2007 to 84% in 2008. An Risk Management Symposium was also held with over 400 officials in attendance
		Roll out risk management software to a specified number of sites	Software operational at 40 sites (departments, municipalities and entities) 31 March 2008	The software was marketed extensively during the year. Following such publicity 33 institutions requested demonstrations of the software, which were done. Of these 28 institutions requested to use the system, which was duly installed. In addition training and support was provided to all these institutions



Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
	Conduct or Facilitate Quality Assessment Reviews (QARs) in Local Government and qualifying departments	Number of municipalities	Report on QAR's for 20 municipalities submitted to relevant councils by 31 March 2008	Internal audit reviews performed in 36 municipalities
		Number of departments	External QAR's facilitated for all qualifying departments by 31 March 2008 (all departments qualifying in terms of the standards)	18 national departments' external quality reviews completed
	Conduct survey of status of Risk Management in national and provincial departments, local government and entities	Status report on Risk Management in national, provincial and local government	Survey completed for public entities 31 March 2008	The survey was completed for 32 national departments (3 departments did not participate). High level outcomes of the survey were communicated to all the departments via bilateral meetings. Risk Management Forum and cluster meetings. Outcomes have been used to develop action plans for National Treasury interventions
		Public sector Audit Committee Forum	30 September 2007 31 December 2007 31 March 2008	The project was temporarily suspended due to lack of interest from client departments. In lieu of the formal structure the audit committee inductions were initiated
Participation on Audit Committees and Risk Management Committees of national departments	Percentage participation on Audit Committees of national departments	100% participation on Audit Committees of national departments, 20% in provincial departments and the metros in local government by 31 March 2008	100% participation in national departments. Also participated in 21% of provincial departments, 5 metros and 18 other municipalities' Audit Committees	



Programme 6

ECONOMIC POLICY AND INTERNATIONAL FINANCIAL RELATIONS

Purpose: Provide specialist policy analysis and advisory services in the areas of macroeconomics, microeconomics, tax policy, financial and banking sector policy, regulatory reform, regional integration and international financial relations.

Measurable objective: This programme provides policy advice to promote growth, employment, macroeconomic stability and regional integration.

There are five subprogrammes:

- *Management and Research* funds the department's economic research programme, including promoting the research capacity of local academic researchers.
- *Financial Sector Policy* provides policy advice on financial sector issues, and is responsible for financial sector legislation, regulations and the regulatory framework. Key strategic focus areas include retirement reform, financial stability and financial sector transformation.
- *Tax Policy* provides advice on the formulation of tax policy. It is also responsible for drafting tax legislation, tax revenue analysis and forecasting.
- *International Economics* focuses on improving South Africa's participation in international economic institutions and debates. It also facilitates the deepening of South Africa's role in regional integration such as the Southern African Development Community (SADC) and South African Customs Union (SACU) and promoting the economic objectives of the African Development Bank (ADB) and New Partnership for Africa's Development (NEPAD).
- *Economic Policy* provides macroeconomic, microeconomic, forecasting and regulatory technical and policy analysis for the annual budget and other government processes, as well as policy review.

Service Delivery Objectives and Indicators

Recent outputs

Economic Policy and International Financial Relations covers the functions of two divisions in the National Treasury that were formed during the 2006/07 fiscal year. These are the *Economic Policy* division and the *Tax, Financial Sector Policy and International Economics* division.

The work of the two divisions includes macroeconomic and microeconomic analysis and policy advice, economic forecasting, the management of international financial relations, tax policy analysis, and financial sector policy advice. These divisions also coordinate activities with the following institutions:



- (i) South African Reserve Bank (SARB) on the framework and conduct of macroeconomic policy, supervision and regulation of banking and exchange control,
- (ii) Financial Services Board (FSB) in relation to the regulation of non-banking financial services, and
- (iii) Financial Intelligence Centre (FIC) in relation to anti-money-laundering measures and combating the financing of terrorism.

During the review period a number of significant projects such as the research conducted over a number of years by the International Growth Advisory Panel (IGAP) and the successfully completed. The process culminated into highly specialised research on shared growth, commissioning international and local academics to publish numerous papers. Ultimately, 19 research papers and 21 recommendations were made to the South African government on how to accelerate growth. These papers are available on the National Treasury website. The department also hosted the G20 Ministers and Governors' meeting chaired by the Minister of Finance and held in Kleinmond. Key issues for discussion included reform of the Bretton Woods Institutions, commodity cycles and financial stability, and fiscal elements of growth and development. South Africa also sought to promote linkages between G20 members and African policymakers by hosting two seminars immediately preceding the Deputies' meetings on aid and development in Africa.

The division together with *Asset and Liability Management*, co-chaired three standing committees with SARB on macroeconomics, financial regulations and financial markets. The division also conducted policy analysis and prepared recommendations for bilateral meetings between the Minister of Finance and Governor of the Reserve Bank.

Economic Policy Division

The *Economic Policy* division engaged in ongoing research work, advice and coordination of growth enhancing policies, including in the Accelerated Shared Growth Initiative of South Africa (AsgiSA) task team and the economic cluster. Important areas of work over the past year included:

- Providing analysis and advice on proposed industrial policies
- Public spending on infrastructure
- Review of the Development Finance Institutions
- Economic modelling of Asgisa scenarios
- World Cup and the Gautrain

The division also worked in conjunction with the *Public Finance* and *Asset and Liability Management* divisions to assess and advise on departmental policy proposals and initiatives of state owned enterprises.

Macroeconomic modelling and partial equilibrium analyses of wage subsidies were conducted in support of the ongoing work on a new social security dispensation. Over the past year the division also worked on finalising an economic analysis of options for a social health insurance system for the country. The division also worked with the World Bank on the development of a new component of its computable general equilibrium model, a microsimulation model that will add analytical depth to the model outputs.

Programme 6: Economic Policy and International Financial Relations



A key output of the division remains its work with the *Budget Office* on the national budget. *Economic Policy* creates the economic forecast for the Medium Term Expenditure Framework and writes the macroeconomic chapter of the MTBPS and Budget Review. In the process, the division focuses on the monitoring of various sectors of the economy and efforts are ongoing to improve that work. In support of fiscal policy, the division works closely with the *Asset and Liability Management* division to provide advice on the reserve accumulation strategy, in line with ongoing assessment of global and domestic economic conditions.

Government's regulatory impact assessment framework has been a critical focus area for the division in the past year. Staff have been instrumental in finalising the proposals, shepherding them through Cabinet, and developing a work programme, institutional structure and work process proposal between the National Treasury, the Presidency, and other government departments. These will be finalised in the fiscal year. The divisional structure has been amended to provide for scaling up of analysis.

Financial Sector Policy and International Economics Division

The *Tax Policy* unit met its 2007/08 objectives as planned. The unit proposed significant tax proposals for the 2008 Budget, including a shift of the secondary tax on companies to a withholding tax on dividends at shareholder level. It also took over responsibility for the drafting of tax legislation, working closely with the South African Revenue Service (SARS) on amendments to the Income Tax Act, the Value Added Tax Act and other tax legislation. Work on the Minerals and Petroleum Resources Royalty Bill continued and the third draft of the Royalty Bill was published for public comment on 6 December 2007. Public hearings on this Bill were held by the Portfolio Committee on Finance during March 2008. The unit was responsible for tax revenue analysis and the coordination of tax revenue forecasts for the MTBPS in 2007 and the annual budget in February 2008. The unit drafted the tax chapter and related annexures of the 2008 Budget Review. Work on environmental fiscal reform, the use of taxes and incentives to deal with environmental challenges, such as climate change, is ongoing. A research paper on the VAT treatment of merit goods such as books, medicine and medical services was completed in October 2007.

The *Financial Sector Policy* unit prioritised the regulatory regime and retirement reform, by focusing on legislative reforms in the banking sector, long-term insurance and the retirement fund industry. The unit continued to research technical issues arising from the February 2007 National Treasury paper entitled "Social Security and Retirement Reform: Second Discussion Paper". Much of this work has fed into the Inter-Governmental Task Team on social security and retirement fund reform.

During the first quarter of 2008 a draft regulation which introduced new minimum early termination values and revised dispensation for intermediaries selling long-term contractual savings products, was released. The unit also completed research and released discussion papers on real estate investment trusts and micro-insurance. These will enhance consumer access, protection and efficiency of the sub-sectors. Research in exchange controls culminated in significant exchange control announcements in the 2008 Budget, replacing exchange controls on institutional investors with a system of prudential regulations.



Efforts to maintain and strengthen financial stability included the implementation of Basel II standards of risk management by South African banks, under the supervision of SARB. During the review period, the Banks Amendment Act was promulgated into law. This led to the introduction of the Basel II Capital Accord in South Africa from January 2008. The adoption of Basel II was timely in light of the instability of banking institutions in the United States of America, United Kingdom and Europe, and ensured that banks apply advanced risk management tools, and enable better loss provisioning and capital allocation.

During the review period, Amendment Bills submitted and approved by Cabinet for tabling in Parliament include the Financial Services Laws General Amendment Bill and the Insurance Laws Amendment Bill. The former amends a number of financial sector laws under the administration of the FSB and SARB, and if signed into law, will see the establishment of an enforcement committee under the auspices of the FSB. The Insurance Laws Amendment Bill, seeks to address technical aspects in the Short-term and Long-term Insurance Acts and will ensure that medical and insurance schemes are demarcated.

To improve access to finance and banking development, the Cooperative Banks Act was passed by Parliament at the end of 2007 and signed into law in February 2008. Implementation of the Act has begun with preparations for the establishment of a development agency, which will assist in building capacity in financial services cooperatives.

The *International Economics* unit is responsible for servicing South Africa's relationship with multilateral institutions like the World Bank, International Monetary Fund (IMF) and ADB. South Africa played a key role in negotiations with donor countries to ensure that their commitments to the African Development Fund and the World Bank's International Development Association (IDA) to fund low-income countries were considerably increased compared to previous rounds. South Africa has demonstrated its commitment to the Multilateral Debt Relief Initiative by making a once off, upfront payment contribution. More details are also provided under Programme 9.

South Africa continued to play a key role in promoting regional integration through the SADC and SACU, including the adoption of the Finance and Investment Protocol by SADC, and its tabling in Parliament for approval. South Africa strongly supported moves preparing for the implementation of the free trade area in 2008. Within SACU, South Africa proposed a review of the revenue-sharing formula, and agreement on the role of SACU in the light of deeper regional integration in SADC.

Programme 6: Economic Policy and International Financial Relations



SERVICE DELIVERY ACHIEVEMENT Programme 6: Economic Policy and International Financial Relations

Measurable objectives: This programme provides policy advice to promote growth, employment, macroeconomic stability and regional integration.				
Sub-programme	Output	Output / Performance Measure / Indicator	Actual Performance Against Target	
			Target Actual	
Management and Research	Publication and promotion of economic research relevant to South Africa	Publication of economic papers	Publication of papers on growth and employment, and retirement reform in 2007	Report including 21 recommendations, and 19 research papers by International Growth Advisory Panel completed in September 2007, circulated widely to national government departments for their response, and released to the public in May 2008
			Promoting local economic research via Economic Research Southern Africa (ERSA), including publication of 27 working papers, 1 policy paper and 1 occasional paper during the review period	Various technical inputs submitted to the Interdepartmental team.
Financial Sector Policy	Reforming system of retirement funding	Publishing papers, gazettes or legislation on retirement reforms	Further research and concept papers (at least 2) to support retirement reform	Pension Funds Amendment Act promulgated in 2007
	Financial stability	Enforcement of regulations or drafting of legislation promoting financial stability	Support regulatory agencies to monitor stability of financial sector	Policy paper on Real Estate Investment Trusts (REITs) published in November 2007 Initiated regulatory reform process, work still in progress
	Financial sector transformation and access	Gazetting of financial sector charter and introduction of Cooperatives Bill	Tabling and enactment of Basel II amendments before 1 January 2008	Continuing reforms on exchange controls, as announced in 2008 Budget Banks Amendment Act 2007 promulgated on 15 November 2007 to give effect to Basel II
			Gazetting of financial sector charter and tabling of Cooperative Banks Bill by 10 December 2007	Extension granted from February 2007 until August 2008 for publication of the FSC as a sector code, due to disagreements between stakeholders. Cooperative Banks Act passed in October 2007 by Parliament, and promulgated on 18 February 2008



Sub-programme	Output	Output / Performance Measure / Indicator	Actual Performance Against Target	
			Target	Actual
Tax Policy	Tax proposals for the annual budget	Chapter 4 of the Budget Review	Publication on Budget Day in 2008	Published in 2008 Budget Review
	Tax legislation and amendments	Taxation and Revenue Laws Amendment Bill	Tabling and enactment by 10 December 2007	Published for comment on 20 Feb 2008 and introduced to Parliament on 19 March 2008
		Minerals and Petroleum Royalty Bill	Tabling and enactment by 10 December 2007	3 rd draft published for comment in December 2007. Public hearings by PCOF in March 2008
		Diamond export levy	Tabling and enactment by 10 December 2007	Bill signed by President in 2007, takes effect at the end of 2008
International Economics	Promotion of African and Southern African economic integration	Agreement and implementation of a 'road map' for integration and review of SACU revenue sharing formula	Participate in process to develop a road map for regional integration in SADC	Participated in SADC meetings to implement Free Trade Agreement and harmonise policies. Trade protocol adopted by Parliament in 2007/08. Engaging with SADC over obstacles preventing regional integration due to dual membership in different customs unions and Economic Partnership Agreement with the European Union
			Develop proposals and engage within SACU to review revenue-sharing formula during 2007	Engaged with SACU on revenue-sharing formula, and its future role in light of SADC integration
			Arrange 5 workshops and 2 meetings of the forum	Successfully chaired and hosted Ministerial and other meetings of G20
Economic Policy	Promotion of G20 dialogue on Financial and Financial issues	Chair G20 forum and deliver work programme for members Deliver the South African work programme on fiscal space reform of Bretton Woods Institution		
	Economic policy inputs to the Budget Microeconomic analysis	Economic forecasts, MTBPS and Budget Review chapters Economic assessments of microeconomic factors and policies	Work processes developed by March 2007 Institutional structure for microeconomic assessment established and fully functional	Developed more efficient approaches to organisation of work to meet tight deadlines in the various parts of the annual budget process Achieved earlier delivery of high quality inputs. Staffing delays stemming from the reorganisation of the division and approvals have led to insufficient progress in setting up the new structure



Programme 7

PROVINCIAL AND LOCAL GOVERNMENT TRANSFERS

Purpose: Manage three conditional grants to the provincial and local spheres of government. These conditional grants are in addition to the equitable share allocations and constitute only three of the many conditional grants administered by national departments.

Measurable objective: This programme aims to improve the pace and quality of provincial infrastructure investment and asset maintenance, promote financial management reforms in municipalities and restructure service delivery in municipalities with large budgets.

This programme includes three conditional grants:

- The *Infrastructure Grant to Provinces* supplements the provinces' infrastructure budgets, and is intended to accelerate the building and maintenance of social and economic infrastructure such as hospitals, clinics, schools, provincial roads and agricultural infrastructure. The grant also assists provinces in funding labour-intensive provincial infrastructure projects.
- The *Local Government Financial Management Grant* provides for restructuring of large municipalities and the transfer and monitoring of funds for local government financial management reforms and the progressive implementation of the Municipal Finance Management Act (MFMA) as part of capacity building efforts to modernise financial management in municipalities.
- The *Neighbourhood Development Partnership Grant* supports projects that provide community infrastructure, create platforms for private-sector development and improve the quality of life of residents in targeted areas. The unit administering this grant is discussed in Programme 2.

Service Delivery Objectives and Indicators

Recent outputs

The *Infrastructure Grant to Provinces* is a supplementary grant aimed at accelerating infrastructure investments at the provincial sphere of government. The grant was allocated R6.2 billion and was transferred to all provinces with the exception of Mpumalanga where R137.8 million was withheld from the education and health departments because of poor infrastructure spending. It was requested that the delayed money be rolled over to 2008/09 financial year.

The rapid rise in the allocation of the *Infrastructure Grant to Provinces* has contributed to high growth in provincial capital budgets. Provincial capital budgets on the Education, Health and Roads sectors have increased from R14.3 billion in 2006/07 to R17.2 billion



in 2007/08. This represents a year-on-year nominal growth of 20.3 per cent. The preliminary (un-audited) total capital expenditure on Education, Health and Roads sectors amounted to R15.4 billion or 90 per cent in 2007/08. A significant improvement in spending trends is notable in four provinces namely Free State, KwaZulu-Natal, Limpopo and Northern Cape, which spent an average of 100 per cent of their education budgets. Eastern Cape and Mpumalanga have spent less than 75 per cent of their education capital budgets, and need to significantly improve their infrastructure delivery management.

The full roll out of the *Infrastructure Delivery Improvement Programme* (IDIP) which started in 2006/07 to support Education and Public Works was extended to health in 2007/08. The IDIP is assisting the departments to improve infrastructure planning, aligning project planning with budgets, and clarifying roles and responsibilities. This has contributed to improved working relationships between Public Works and client departments.

To implement the IDIP, government recruited and placed technical assistants in departments to support the institutionalisation of good practices in the management of infrastructure delivery. The IDIP is expected to influence four key performance areas:

- The development of appropriate capacity for infrastructure planning and delivery management (people, skills and systems)
- Infrastructure plans that indicate needs, backlogs and project priorities
- Contracts or service level agreements that provide clear measures of performance of implementing agents including the Department of Public Works and contractors
- Improvement in the quality of information reported on infrastructure projects.

In total, 33 full-time and short term technical assistants were recruited and deployed to 18 departments across the provinces. Their effect on infrastructure expenditure through better forward planning is evident in education where spending trends shows that 4th quarter expenditure was reduced from an average of 35.4 per cent in 2006/07 to 27.2 per cent in 2007/08, with most provinces showing significant improvement on buildings and other fixed structure trends except in three provinces. Most provinces are institutionalising the IDIP principles that support better forward planning which effectively aligns plans with budgets. More still needs to be done to ensure that the capacity to implement the good practises promoted by IDIP is built in the respective departments. The roll out of IDIP in health started towards the end of 2007/08 with technical assistants deployed in seven health departments. IDIP in health is currently in the inception phase of the programme cycle.

The *Local Government Financial Management Grant* provides for the transfer and monitoring of funds for local government financial management reforms and the phased implementation of the MFMA. Growing awareness and implementation of the MFMA continued, with the transfer of resources to all municipalities to help finalise plans and implement key areas of the MFMA. The programme also provides for the gearing of international support and has placed technical advisors in selected municipalities. The grant spent a total of R145 million in 2007/08.

Programme 7: Provincial and Local Government Transfers

The MFMA implementation mainly focused on the review of internal processes, delegations, implementation plans, changing of past practices, raising awareness among councillors and officials, budget reforms and community consultation in the larger municipalities. Lessons learnt from the first three years of implementation will be taken forward into the smaller municipalities over the medium term. However, much work is still required to ensure that financial and non-financial reforms remain part of daily municipal practices.

Debt disclosure and minimum competencies regulations were published in 2007. These facilitate long term borrowing by municipalities for infrastructure development, whilst the minimum competencies provide for quality skills development in financial management for municipal officials, supported by guides and review of material to be utilised for training purposes. Municipalities also used the grant to sustain the internship programme and employed 503 graduates from previously disadvantaged backgrounds. Training for mentors was also introduced to support the internship programme.

Metropolitan and large municipalities have a significant impact on the regional and national economy, and need to modernise the manner in which they deliver services, implement poverty alleviation programmes and promote growth. The demand driven *Local Government Restructuring Grant* provides resources to selected municipalities based on their own restructuring plans. The grant ends in 2008. The review period saw closer monitoring of the grant outcomes and finalisation of the programme in some municipalities.

Seven municipalities were part of the multi year programme: Buffalo City, Emfuleni and Mangaung completed their participation in 2006/07, and City of Cape Town, eThekweni, Tshwane and Nelson Mandela Bay municipality will continue over the medium term to report on progress.



SERVICE DELIVERY ACHIEVEMENT

Programme 7: Provincial and Local Government Transfers

Measurable objective: Provincial and Local Government Transfers designs, manages and monitors three conditional grants to the provincial and local spheres of government.

Subprogramme	Output	Output performance Measure/service delivery indicator	Actual performance against target	
			Target	Actual
Infrastructure Grant to Provinces	Monitoring provincial infrastructure development	Transfers made according to conditions	Transfers made by 31 March 2008 in compliance with Division of Revenue Act	The total amount of the grant was R6 164 million of which R6 026 million has been transferred to provinces. An amount of R137.8 million which was due to Mpumalanga has been stopped following the poor spending on infrastructure budgets by the province's Education and Health departments. The money has been rolled over to 2008/09
Local Government Financial Management and Restructuring Grants	Monitoring municipal financial management reforms and restructuring	Transfers made according to conditions	Transfers made by 31 March 2008 Appointment of at least 2 interns in municipalities (a total of 566 graduates) Improved reporting in 8 municipalities through new system Budget reforms in 50 municipalities	All funds have been transferred to municipalities Total of 503 graduate interns appointed in municipalities Progressive improvements in reporting on actual expenditure and income in 6 metropolitan municipalities and 2 large local municipalities In depth budget reforms underway in 25 municipalities with further progress made in over 35 other municipalities MFMA implementation plans were received from 151 municipalities and follow ups being made from those not submitted
	Funding assistance to restructure and modernise service delivery in large-budget municipalities, primarily over R 750 million	Monitoring of progress against agreed benchmarks	Managing and overseeing compliance with conditions of grants in all receiving municipalities	All municipalities receiving grant in compliance with conditions; National Treasury has a reminder and feedback assessment process



Programme 8

CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

Purpose: *Civil and Military Pensions, Contributions to Funds and Other Benefits* administers and provides for pension benefits to Special Pensions, Post Retirement Medical Subsidies, Military Pensions, and other statutory pensions.

Measurable objective: The programme aims to ensure the payment of benefits and awards to beneficiaries of departments, state-aided entities and other specified bodies in terms of various statutes, collective-bargaining agreements and other commitments.

There are two subprogrammes:

- *Civil Pensions and Contributions to Funds* provides for the payment of benefits out of pension and other funds to the beneficiaries of various public-sector bodies in terms of relevant statutes, collective-bargaining agreements and other commitments. The subprogramme also provides for the payment of special pensions to persons who have made sacrifices or served the public interest in the establishment of a democratic constitutional order.
- *Military Pensions and Other Benefits* provides for the payment of military pension benefits and medical claims arising from treatment for accepted pensionable disabilities and medical assistive devices, including specialised procedures. The unit's main objective is to pay the correct pension (gratuities and/or annuities) and medical expense benefits to the correct beneficiaries timeously. The benefits are paid in terms of the Military Pensions Act (1976) to persons disabled in the course of military service. The medical officer makes assessments based on information presented by the specialist (relevant consulting doctor) or reviews assessments where the disability was aggravated as a result of military service. Compensation or Injury on Duty pensions are paid in terms of the Compensation for Occupational Injuries and Diseases Act (1993) to disabled public servants or in case of death to their dependants, for injuries sustained or diseases contracted during the performance of their duties. Awards are issued by the Compensation Commissioner for payment through the GEPP.

Service Delivery Objectives and Indicators

Recent outputs

During the review period, a process was initiated to restore good governance and delivery of services by improving processes and procedures, technology upgrade, appointment of qualified and skilled officials to critical positions.

Civil Pensions and Contributions to Funds includes the payment of post-retirement medical benefits to medical schemes in respect of civil pensioners, surviving spouses, dependants and pensioners as provided for in the service conditions of public servants. It



includes payment of government medical contributions to pensioners and widows of the former Development Boards and the National Film Board. It also includes recipients afforded a benefit in terms of a special government concession.

During 2007/08 the administration paid benefits to about 74 000 beneficiaries through 46 Medical Schemes. It also strengthened administrative processes to improve the reconciliation of claims received from medical schemes. Furthermore the department has strengthened its management by employing additional staff in critical positions in order to reduce backlogs on processing new applications. This process will continue in the new financial year, due to expected increases in benefits and membership.

Special Pensions forms part of *Civil Pensions and Contributions to Funds* sub-programme and is paid to persons who have made sacrifices or served the public interest in the establishment of a democratic constitutional order in our country. The Special Pensions Act (69 of 1996) gives effect to Section 189 of the Interim Constitution regarding the prescription of rules for determining persons who are entitled to receive special pensions and to provide for the establishment of structures to implement the act – that is, the Special Pensions Board and the Special Pensions Review Board. The Special Pensions Board was dissolved in February 2007 and the Special Pensions Review Board was dissolved in May 2007.

During the review period *Special Pensions*:

- Conducted a national communication campaign raising awareness to its beneficiaries and other stakeholders about the Special Pensions Amendments (2007). The unit also embarked on an initiative to form relationships with community based organisations.
- Instituted a comprehensive anti-fraud and data cleansing campaign in cooperation with the Special Investigation Unit. A report was submitted to National Treasury during a meeting held at National Treasury with the SIU.
- Implemented administration systems for the new benefits introduced in the Special Pensions Amendments (2007) to include funeral benefits as well as benefits for spouses and orphans of deceased members
- *Special Pensions* has paid benefits to 6 024 clients

Military Pensions and Other Benefits implemented the following initiatives:

- Medical treatment is provided through the South African National Defence Force (SANDF) at military hospitals and sickbays around the country. Although the service is of great value to military pensioners, internal deficiencies with the provision of medical treatment detrimentally affect service delivery. The present procedures and processes are to be investigated in an effort to address deficiencies.
- The transfer of medical treatment has been completed at military bases in parts of the country which were of critical concern. The SANDF structure, however, limits the possible services rendered to pensioners, which resulted in delays in the transfer process.
- Due to staff constraints, the National Treasury was informed that formal medical boards could no longer be arranged through military hospitals by the SANDF.

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



- As an interim arrangement and to ensure proper control and management of the above process, Military Pensions has arranged for the services of the SOMA Initiative, and appointed a Health Risk Manager of the National Treasury, to form medical boards in respect of new claims and to review cases on an ad hoc basis.
- The Injury on Duty section improved its processes for the payment of benefits to its clients by employing additional resources. It has also successfully administered increases on time; however there are challenges of process synchronisation with the Compensation Commission. Relationships with the organisations need to improve in 2008/09 through service level agreements



SERVICE DELIVERY ACHIEVEMENT Programme 1: Administration

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

Measurable objective: To ensure the payment of benefits and awards to beneficiaries of departments, state-aided bodies and other specified bodies in terms of various statutes, collective-bargaining agreements and other commitments.

Sub programme	Output	Measure / Indicator	Actual performance against target	
			Target	Actual
Civil Pensions and Contribution to Funds	Payment of pension benefits and contributions to funds (including Special Pensions)	All beneficiaries paid monthly	17 645 beneficiaries paid monthly	An average of 17 724 monthly payments done
	Payment of contributions to medical aid schemes	All contributions paid timeously	67 780 members per month	An average of 65 100 monthly members paid. An average of 3 000 monthly arrears payments done
	Payment of risk and administration fees to the Political Office Bearers' Pension Fund	Payment of risk and administration fees in respect of all members on a monthly basis	Payment of risk and administration fees in respect of 900 members monthly	An average of 912 monthly payments done
	Notify beneficiaries of special pensions amendments	Successful National awareness campaign	Ensure maximum awareness and applications by 31 December 2006	Achieved, maximum awareness facilitated
Military Pensions and Other Benefits	Payment of military pension benefits	Beneficiaries to be paid monthly	6 468 beneficiaries paid monthly	An average of 6 174 monthly payments done
	Payment to service providers for medical expenses	All claims paid to service providers on a monthly basis	722 claims paid to service providers monthly	612 Service Providers (for 417 members on treatment) paid. An average of 8 800 active members for injury on duty paid



MTEB

Programme 9

FISCAL TRANSFERS

Purpose: *Fiscal Transfers* makes funds available to public authorities and other institutions in terms of legal provisions governing the financial relations between government and the relevant authority or institution, including international development bodies of which South Africa is a member.

Measurable objective: To meet certain international and other statutory financial obligations, to meet the costs of effectively and efficiently raising revenue for the state, and to finance intelligence gathering and other secret services in the national interest.

Domestic transfers are made to:

- The South African Revenue Service (SARS), which is responsible for collection of revenue in terms of the South African Revenue Service Act (34 of 1997).
- The Financial and Fiscal Commission, a constitutional body charged with making recommendations about the equitable division of revenue between the three spheres of government.
- The Secret Services Account, used to finance the activities of the National Intelligence Agency, the South African Secret Service, and certain activities of the Detective Service of the South African Police Service.
- The Financial Intelligence Centre, which combats money laundering and works to strengthen financial regulation capacity.

To fulfil government's international obligations, foreign transfer payments are made to:

- The World Bank Group
- The African Development Bank (ADB)
- Member states of the Common Monetary Area Compensation– Lesotho, Namibia and Swaziland
- The Commonwealth Fund for Technical Cooperation
- The Vaccination Fund, in line with an agreement with the Global Alliance for Vaccines and Immunisation.

Service Delivery Objectives and Indicators

Recent outputs

Contributions to the *World Bank Group*: South Africa contributes to the World Bank Group's International Development Association (IDA), which is replenished by donors every three years. During this period payments were made with respect to resources



pledged during the 13th and 14th replenishments of IDA. The 15th replenishment of IDA was negotiated during 2007 and South Africa lobbied for greater carve outs in the key NEPAD priority areas of peace and security (support for fragile states) and regional projects and programmes.

South Africa also played a key role in the donor negotiations towards *African Development Bank Fund's* 11th replenishment, being the only African country donor to this fund. This fund provides reduced-interest lending to low-income African countries in support of poverty alleviation, and to foster economic growth and development.

South Africa has been contributing to ADF replenishments since 1998. During 2007/08 a final payment of R12,7 million was made towards the 10th replenishment of the ADF, and most recently, an amount of R77 million was pledged towards ADF-XI, to be paid in three equal annual instalments beginning in 2008/9 and ending in 2010/11.

Transfers were also made to increase South Africa's shareholding in the Bank, which currently stands at just over 4,5 per cent.

The *Common Monetary Area* is made up of South Africa, Lesotho, Namibia and Swaziland. Its purpose is to implement a common monetary policy. South Africa compensates the other countries for rands circulating in their territories as legal tender in terms of Article 6 of the Multilateral Monetary Agreement. The compensation is based on the understanding that South Africa, as the issuing country, benefits from this through seigniorage collection. In 2007/08, R327 million was transferred for this purpose.

Commonwealth Fund for Technical Cooperation (CFTC) resources are used to further the Commonwealth Secretariat's goals and programmes, which are closely aligned to the Millennium Development Goals. The primary objective of the fund is to assist developing member countries to acquire the knowledge and institutional capacity needed to address their development priorities. Public sector development is a central theme within fund-sponsored activities. The CFTC provides funding to mostly technical advisors, and funding or scholarships for workshops, seminars, study tours and study programmes. South Africa contributed £236,470 during the review period.

During the period under review CFTC provided support for the first African Policy Seminar on Aid Effectiveness that was held back to back with the G20 meeting in March 2007. This Seminar was a critical step in preparations by a wide range of partners countries for the next High Level Forum on Aid Effectiveness in Ghana 2008.

South Africa acceded to the *International Financial Facility for Immunisation* (IFFIm) in early 2007, and the first payment of R7.218 million was made in March 2007. This binding pledge to provide the IFFIm with US\$ 1m a year for the next 20 years enables the IFFIm to frontload the provision of development resources in areas of critical concern. The IFFIm's financial resources are made available to the *Global Alliance for Vaccinations and Immunisation* in support of healthcare, particularly the provision of vaccines in order to reduce the number of vaccine-preventable deaths among children under the age of five.



Transfer payments

Name of institution	R'000
African Development Bank and African Development Fund	76 945
Commonwealth Fund for Tech Co-operation	3 434
Common Monetary Area Compensation	320 597
Development Bank of Southern Africa [Siyenza Manje]	168 890
Development Bank of Southern Africa [Financial Management Grant]	53 407
Financial and Fiscal Commission	27 497
Financial Intelligence Centre	42 480
Global Alliance for Vaccines and Immunisation	7 363
Investment Climate Facility	6 765
Secret Services	2 584 240
South African Revenue Service	5 511 031
World Bank Group and IDA	86 641
Total:	8 889 290



NATIONAL TREASURY VOTE 8

REPORT OF THE AUDIT COMMITTEE for the year ended 31 March 2008

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2008.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and has met as reflected below, in line with its approved terms of reference.

Audit Committee Meetings 2008	
Name of member	Number* of meetings attended
Mr Ignatius Schoole (Chairperson)	5 of 5
Prof Carolina Koomhof	3 of 5
Ms Joyce Matlala	2 of 5
Ms Matsotso Vuso	3 of 4
Ms Mamoroke Lehobye – appointed 9 October 2007	3 of 3
Ms Lesibana Fosu – appointed 9 October 2007	3 of 3

*Includes one (1) special meeting.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. Furthermore the Audit Committee has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The Audit Committee is of the opinion, based on the information and explanations given by management, the internal auditors, and discussions with the independent external auditor on the results of its audits, that the internal accounting controls are operating to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

SITA is responsible for the Wide Area Network (WAN), security and other controls surrounding this area, including e.g. firewalls for National Treasury. The Auditor-General



NATIONAL TREASURY VOTE 8

REPORT OF THE AUDIT COMMITTEE (CONTINUED) for the year ended 31 March 2008

audits this area and provides assurance to the Audit Committee of SITA only. We are therefore unable to express an opinion on the IT controls as they relate to SITA and SITA's functions at National Treasury.

Other than these matters nothing significant has come to the attention of the Audit Committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Evaluation of Financial Statements

The Audit Committee has evaluated the annual financial statements of the National Treasury for the year ended 31 March 2008 and, based on the information provided to the Audit Committee, concurs and accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Ignatius Schoole

Chairperson: Audit Committee

Date: 14 August 2008



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NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2008

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. General review of the state of financial affairs

1.1 Strategic overview and key policy developments

As depicted in the Department's Strategic Plan and Estimates of National Expenditure, National Treasury's strategic direction is informed by five external strategic focus areas, namely, promoting sustainable economic growth and work opportunities, reducing poverty, ensuring good governance and accountability, promoting optimal allocation and utilisation of financial resources in all spheres of government and maintaining macroeconomic stability. Furthermore, the aforementioned strategic direction is augmented by four internal strategic priorities: improving co-ordination and communication, matching resources to workloads, developing human resources strategies to address attraction and retention challenges and developing management skills.

For a more detailed discussion on the outcomes of the aforementioned strategic activities, please refer to the relevant chapters dealing with programme performance included in the Annual Report.

1.2 Annual appropriation and vote structure

The total appropriation for National Treasury for the year ended 31 March 2008 amounted to **R19.748 million** (2006/07: R16.730 million). Programmes 1 to 6 constitute National Treasury's operational budget which amounted to **R992 million** (2006/07: R860 million). The operational budget comprised of **R294 million** (2006/07: R255 million) for compensation of employees, **R666 million** (2006/07: R584 million) for goods and services and **R32 million** (2006/07: R21 million) for the acquisition of capital assets.

The remaining budget of **R18.695 million** (2006/07: R15.826 million) falls under programmes 7, 8 and 9 and included transfers to provinces, municipalities, departmental agencies, foreign institutions and payments of post retirement benefits for a specific category of former employees and members of liberation movements.



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

1.3 Programme structure

National Treasury's Vote comprises nine programmes: *Administration, Public Finance and Budget Management, Asset and Liability Management, Financial Management and Systems, Financial Accounting and Reporting, Economic Policy and International Financial Relations, Provincial and Local Government Transfers, Civil and Military Pensions, Contributions to Funds and Other Benefits and Fiscal Transfers.*

Administration provides strategic management and administrative support to the National Treasury, giving managerial leadership to the work of the Department. The Administration programme comprises the Minister, Deputy Minister, Management and Corporate Services.

The total appropriation for this Programme amounted to **R202 million** (2006/07: R173 million). Expenditure for *Administration* totalled **R178 million** (2006/07: R162 million).

Public Finance and Budget Management provides analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities. This programme also manages the government's annual budget process and provides public finance management support. These functions are organised into four separate subprogrammes: Public Finance, Budget Office, Intergovernmental Relations and Technical and Management Support.

The total adjusted appropriation for this Programme amounted to **R224 million** (2006/07: R158 million). Current expenditure incurred totalled **R206 million** (2006/07: R132 million) and comprised of compensation of employees **R90 million** (2006/07: R72 million) and goods and services **R115 million** (2006/07: R58 million).

Asset and Liability Management manages government's financial assets and liabilities. There are five subprogrammes: Management, Asset Management, Liability Management, Financial Operations and Strategy and Risk Management.

The total appropriation amounted to **R76 million** (2006/07: R59 million).



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

Total expenditure incurred by Asset and Liability Management amounted to **R58 million** (2006/07: R41 million), an increase of 40 per cent.

Financial Management and Systems manages and regulates government's supply chain processes, implements and maintains standardised financial systems and co-ordinates the implementation of the Public Finance Management Act (1999) and related capacity-building initiatives. This Programme consists of three subprogrammes: Supply Chain Management, PFMA Implementation and Coordination, and Financial Systems.

The total adjusted appropriation for this Programme amounted to **R340 million** (2006/07: R363 million). The total expenditure incurred amounted to **R268 million** (2006/07: R196 million). The biggest expenditure incurred by this Programme relates to professional service providers for maintaining the transversal systems.

Financial Accounting and Reporting promotes and enforces transparency and effective management in respect of the revenue, expenditure, assets and liabilities of departments, public entities, constitutional institutions and local government, thus facilitating accountability and governance. The Programme consists of six subprogrammes: Financial Reporting for National Accounts, Financial Management Improvement, Investment of Public Monies, Service Charges (Commercial Banks), Audit Statutory Bodies and Contingent Liabilities: Reinsurance Liabilities.

The total appropriation for this Programme amounted to **R102 million** (2006/07: R76 million) and consisted of an operational budget of **R55 million** (2006/07: R45 million) and transfers of **R47 million** (2006/07: R28 million). The total expenditure incurred by Financial Accounting and Reporting amounted to **R99 million** (2006/07: R66 million), an increase of **R33 million**. Virement amounting to **R8 million** was applied to provide for unforeseen expenditure pertaining to the hosting of the Eastern and Southern African Accountants-General (ESAAG) Conference in Durban.

In addition, this Programme is responsible for transfer payments to the Auditor-General in terms of the Public Audit Act (2004) whereby National Treasury is obliged to pay audit costs in respect of the auditing of statutory bodies for any financial year concerned, where such costs exceed one per cent



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

of the total expenditure of such bodies. Expenditure concerning the transfer of audit costs amounted to **R24 million** (2006/07: R12 million). This increase is attributable to more claims being submitted for reimbursement by the Auditor-General.

Economic Policy and International Financial Relations provides specialist policy analysis and advisory services in the areas of macroeconomics, microeconomics, financial sector, taxation, regulatory reform, tax policies, regional integration and international financial relations. The Programme comprises of five subprogrammes namely: Management and Research, Financial Sector Policy, Tax Policy, International Economics and Economic Policy.

The total appropriation for this Programme amounted to **R109 million** (2006/07: R75 million). Current expenditure incurred totalled **R93 million** (2006/07: R69 million) and comprised of compensation of employees **R37 million** (2006/07: R31 million) and goods and services **R53 million** (2006/07: R33 million).

Provincial and Local Government Transfers manages conditional grants to the provincial and local spheres of government. Conditional grants transferred directly to provinces and municipalities from National Treasury's Vote amounted to **R6.276 million** (2006/07: R4.984 billion) and **R717 million** (2006/07: R514 million) respectively.

Details of these transfers are provided under annexures 1A to 1E. These transfers exclude the equitable share grants to provinces and municipalities, and also exclude conditional grants to provincial and local government made by other national departments.

Civil and Military Pensions, Contributions to Funds and Other Benefits provides for pension and post-retirement medical benefit obligations to former employees of state departments and bodies, and for similar benefits to retired members of the military. The final appropriation for this Programme amounted to **R2.238 million** (2006/07: R2.189 billion).

Expenditure for the period under review amounted to **R2.177 million** (2006/07: R2.049 million) which comprised of current expenditure of **R1.362 million** (2006/07: R1.249 million) and injury on duty, special and other miscellaneous pension payments of **R810 million** (2006/07: R796 mil-



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

lion). A saving/underspending of **R62 million** (2006/07: R140 million) was recorded against this Programme.

Fiscal Transfers makes funds available to other countries and multilateral and domestic institutions and public entities, including international development institutions of which South Africa is a member.

Domestic transfers are made to the South African Revenue Service, Financial Intelligence Centre and the Financial and Fiscal Commission for the fulfilment of their statutory obligations, and to the Development Bank of Southern Africa for the Siyenza Manje Project. In addition, funds are also paid to augment the Secret Services Account. *Domestic transfers* accounted for 93 per cent of the total transfers allocated to the *Fiscal Transfer* Programme and amounted to **R8.444 million** (2006/07: R7.463 million), of which the largest transfers went to the South African Revenue Service and Secret Services totalling **R8.095 million** (2006/07: R7.098 million).

Foreign transfer payments have been provided for:

- The World Bank Group;
- The African Development Bank (ADB);
- Common Monetary Area Compensation to Lesotho, Namibia and Swaziland;
- The Commonwealth Fund for Technical Co-operation;
- Investment Climate Facility; and
- Global Alliance for Vaccines and Immunisation.

The total foreign transfers made by National Treasury amounted to **R502 million** (2006/07: R575 million) of which the transfer to Lesotho, Namibia and Swaziland makes up the largest portion of foreign transfers totalling **R321 million** (2006/07: R283 million).

Included in the aforementioned amounts, virement amounting to R45 million has been applied to provide for increases in transfer payments to the Financial and Fiscal Commission (FFC), the World Bank's International Development Association (IDA) and the Commonwealth Fund for Technical Co-operation (CFTC) which is mainly attributable to fluctuating exchange rates. It needs to be noted that foreign transfers exclude the larger South African Customs



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

Union interim payments, which are deducted directly from the National Revenue Fund.

For more details on the Vote structures, annual appropriation and summarised explanations for variances please refer to the Appropriation Statement and related notes thereto.

1.4 Departmental revenue

Departmental revenue received during the reporting period amounted to **R5.096 million** (2006/07: R4.720 million) and consisted of sales of goods and services of **R45 million**, interest and dividends of **R4.884 million** and other recoveries amounting to **R166 million**.

For more details on departmental revenue, please refer to Note 2 of the Notes to the Financial Statements.

1.5 Utilisation of donor funds

Local and foreign assistance received in cash during the year amounted to **R13 million** (2006/07: R6 million) relating to various projects. Expenditure incurred amounted to **R12 million** (2006/07: R8 million).

Furthermore, National Treasury transferred funds to external spending agencies amounting to **R7 million** (2006/07: R26 million) on behalf of the Reconstruction and Development Fund. These amounts are not reflected in the Statement of Financial Performance due to National Treasury only acting as a conduit for those funds.

1.6 Events after the reporting date

Payments to the value of **R61 million** (2006/07: R66 million) were processed during April and May 2008, which relate to the 2007/08 financial year. These payments were not included in the financial statements for the 2007/08 financial year, which were prepared on the modified cash basis of accounting.

Departmental revenue amounting to **R394 million** (2006/07: R353 million) was received by National Treasury after year end and subsequently transferred to the National Revenue Fund. Refer to Note 21 and 24.



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

2. Services rendered by the department

National Treasury's core business relates to the formulation of fiscal and financial policies, servicing organs of the State in all three spheres of government and foreign multilateral and national institutions. National Treasury is therefore not a service delivery department and does not render any services in the public domain on a recoverable basis.

3. Capacity constraints

One of the major challenges that persisted during the year under review has been the reduction of vacancies as a result of the difficulty in retaining scarce skills. The Department has developed a plan to reduce its vacancy rate and has set up a talent management programme that includes the internship and talent pool.

In addition to the above, and to build financial management in Government, the Department also implemented the Training Outside Public Practice (TOPP) programme.

4. Trading and Public entities

4.1 Trading entity

Project Development Facility

The Project Development Facility (PDF) is a single function trading entity in the National Treasury's Public Private Partnership (PPP) unit, created in accordance with the PFMA. It was created to assist national, provincial and municipal spheres of government to pay for services provided by consultants (transaction advisors) to conduct feasibility studies for PPP projects.

After the financial close of the PPP, the funds are recovered from the successful private party bidder, allowing the PDF to fund further projects. The PDF also disburses technical assistance funds for municipalities wishing to access capital grants from the Neighbourhood Development Partnership Grant.

4.2 Public entities and business enterprises reporting to the Minister of Finance

The Minister of Finance is responsible for several entities. These entities are as follows:



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

The Development Bank of Southern Africa (Schedule 2: Major public entity)

The Development Bank of Southern Africa (DBSA) was established in 1983 to perform a broad economic development function within the prevailing dispensation of the homelands. It was reconstituted in terms of the Development Bank of Southern Africa Act (1997) as a development finance institution with the primary purpose of promoting economic development and growth, developing human resources and building institutional capacity. It does this by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes.

South African Revenue Service (Schedule 3A: National public entity)

The South African Revenue Service (SARS) is mandated by legislation to collect revenues that are due, ensure maximum compliance with legislation, and provide a customs service to maximise revenue collection, protect the borders and facilitate trade.

Financial Services Board (Schedule 3A: National public entity)

The Financial Services Board (FSB) is a statutory body established in terms of the Financial Services Board Act (1990). It supervises and regulates the non-banking financial services industry: long term and short term insurance, retirement funds and friendly societies, financial service providers, collective investment schemes and capital markets.

The FSB is responsible for ensuring that the regulated entities comply with the legislation and with capital adequacy requirements, thus promoting the financial soundness of these entities and protecting the investing community.

With the introduction of the Financial Advisory and Intermediary Services Act (2004) (FAIS), the mandate of the FSB was expanded to include aspects of market conduct in both the banking and non-banking financial services industries. In addition, the Financial Intelligence Centre Act (2001) (FICA) has added another dimension to the jurisdiction of the FSB. Amendments to FICA are currently being finalised to clarify the regulatory responsibilities of monitoring the provisions on compliance with anti-money laundering and combating the financing of terrorism.



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

The FSB also advises the Minister of Finance through various expert and representative advisory committees comprising industry experts. A further function of the FSB is to promote programmes and initiatives by financial institutions and bodies representing the financial services industry to inform and educate users and potential users of financial products and services.

Financial Intelligence Centre (Schedule 3A: National public entity)

The Financial Intelligence Centre (FIC) was established in terms of the Financial Intelligence Centre Act (2001) and operates as a separate state agency. The core mandate of the FIC is to process, analyse and interpret information disclosed to it by accountable institutions in the private sector. The FIC analyses the information and thereafter makes referrals to law enforcement authorities, intelligence services and SARS for investigation and prosecution if necessary.

Accounting Standards Board (Schedule 3A: National public entity)

The Accounting Standards Board (ASB), established in 2002 in accordance with the PFMA, is responsible for setting the accounting standards of Generally Recognised Accounting Practice (GRAP) in government. The ASB sets standards and guidelines for financial statements as required by Section 216(a) of the Constitution.

Independent Regulatory Board for Auditors (Schedule 3A: National public entity)

The Independent Regulatory Board for Auditors (IRBA) was established in terms of Section 3 of the Auditing Profession Act (2005), and came into effect in April 2006. The goal of the IRBA is to protect the public that relies on the services of registered auditors and to support registered auditors. The board has strategic influence in the financial services regulatory environment.

SASRIA Limited (Schedule 3B: National government business enterprise)

SASRIA Limited was established in terms of the Conversion of SASRIA Act (1998) and is a short-term insurance company that provides cover for damages caused by politically malicious acts, riots, strikes and public disorders.



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

Public Investment Corporation Limited (Schedule 3B: National government business enterprise)

The Public Investment Corporation (PIC) is a corporate body governed in terms of the Public Investment Corporation Act (2004). The PIC invests funds on behalf of the South African public sector. There are currently 40 entities or clients whose funds are managed by the PIC. Major clients include the Government Employees Pension Fund (GEPF), the Unemployment Insurance Fund (UIF), the Associated Institutions Pension Fund (AIPF), the Compensation Commissioner: Pension Fund (CC:PF), the Compensation Fund (CF) and the Guardian's Fund.

5. Organisations to whom transfer payments have been made

Funds to public entities and other institutions in terms of various legal provisions governing financial relations between Government and those institutions are made available on the *Fiscal Transfers* Programme. Kindly refer to annexures 1F, G and H.

In addition to the *Fiscal Transfers* Programme, funds for the Project Development Facility and Accounting Standards Board have been provided for under programmes 2 and 5 respectively.

6. Corporate governance arrangements

6.1 Internal Audit Function

Since the establishment of the co-sourced Internal Audit Function (IAF) within the National Treasury during 2006, the function has been mainly involved with establishing itself within the organisation as a result of the assessment which indicated that there is a definite need to have a more focused, client centric, and experienced IAF for the National Treasury. In line with this assessment, the unit conducted an International Benchmarking study with the Canadian and Australian Treasuries with the aim of improving efficiencies within the unit and to align the unit with best practice, future demands and the broader strategic requirements of the National Treasury.

The output of the benchmarking study is the unit's strategic plan that has been developed together with the supporting structure to grow the unit. These have been tabled, recommended by the Audit Committee and accordingly approved by the Accounting Officer. Furthermore, the co-sourced service provider's



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

contract has been extended for a further two years to allow access to scarce internal audit skills and to ensure a smooth transition to a fully in-house IAF by the end of the contract period.

The IAF successfully achieved a hundred percent completion of their Annual Audit Plan for the period under review, in addition to ad hoc and unscheduled client requests. All findings were reported to the Audit Committee. The Unit also undertook a voluntary External Quality Review taking into consideration that the Institute of Internal Auditors (IIA) requires an IAF that has been in existence for 5 years to conduct an external review. Although the unit has been in existence for a period under two years, there were no areas of non-compliance identified by the review.

6.2 Audit Committee

The Audit Committee (AC) operates within written terms of reference which are reviewed annually. The AC met six times during the year including two special meetings. A 360 degree review of the committee, which includes evaluation by self, management, the IAF and the Auditor-General, was conducted and no significant areas of concern were indicated. Furthermore, a plan was put in place by the committee for areas of improvement.

As per the terms of reference, the AC assessed the performance of the IAF and the performance of the Chief Director: IAF was reviewed by the Accounting Officer and the AC Chairperson, in consultation with the AC members.

6.3 Risk management

After the resignation of the former chairperson of the Risk Management Committee (RMC), a new chairperson was appointed on 9 October 2007. In the interim, the risk management function is being facilitated by the office of the Chief Financial Officer. The following milestones were achieved:

- Reviewed the RMC Terms of Reference;
- Reviewed the RMC Strategy;
- Reviewed the RMS process and procedures;
- Reviewed the fraud prevention and anti-corruption plan; and
- Enhanced the Risk Register.

Additional to the aforementioned activities was the establishment of a Chief Risk Officer (CRO) position on the organisational structure of the Department. The incumbent of this position will be required to oversee and



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

manage the risk management activities of the Department. Efforts are currently underway to fill this position.

6.4 Internal policy review

During the 2007/08 financial year, the Governance Review Committee (GRC) reviewed, amended and approved 11 departmental policies for implementation and final approval by the Accounting Officer.

These policies are as follows:

- Subsistence and travel;
- Publications and reading material;
- Memberships to professional bodies;
- Gifts, donations and sponsorships by the Department;
- Gifts, donations and sponsorships by employees;
- Petty cash facility;
- Delegations (sections 10 and 44 of the PFMA and regulations);
- Delegations (Public Service Act and related regulations);
- Parking facilities; and
- TOPP policy.

As governance systems continuously evolve, National Treasury's policies, prescripts and related business processes are reviewed regularly to ensure compliance with statutory requirements and best practice. In addition to the above, the GRC Terms of Reference have been reviewed by the members and will be submitted for final approval by the Accounting Officer during second quarter of the 2008/09 financial year.

6.5 Other governance matters

In addition to the above-mentioned governance arrangements, the following governance structures have been complied with or have been attended to:

- Fully implemented and applied the business processes designed in the previous financial period for all Corporate Services business units;
- Established a fully functional Bid Adjudication Committee;
- Systems are in place to ensure:
 - The effective, efficient, economical and transparent use of the departmental resources;
 - Proper management, administration, safeguarding and maintenance of the Department's assets and liabilities;



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

- Complied with all tax, levy, duty, pension and audit commitments as required by the relevant statutes and regulations;
- Settled contractual obligations and paid outstanding amounts owing, including intergovernmental claims, within the prescribed or agreed period, except where discrepancies have been identified or circumstances beyond reasonable control have prevented the timely processing and finalisation of such payments;
- Complied with the provision of the Division of Revenue Act (2007), prior to transferring funds to provincial or local governments and ensured that all funds transferred to provinces and municipalities were paid to their primary bank accounts;
- Obtained written assurances from all entities confirming that those entities have implemented effective, efficient and transparent financial management and internal control systems prior to funds being transferred to those entities; and
- Submitted all required reports to the relevant authorities.

7. Discontinued departmental activities

G20 Secretariat

During 2007, National Treasury together with the South African Reserve Bank, successfully hosted the G20 meetings at which finance ministers, central bank governors and their deputies engaged on reforms. This initiative has been completed successfully.

8. New departmental activities

Technical Assistance Unit (trading entity)

The Technical Assistance Unit (TAU) is a facility that was established in 2001 in National Treasury and will operate as a trading entity in the new financial year. The TAU trading entity will play a major role in the fields of legislation, institutional and municipal operation and capacity building by ensuring that prudent financial and project management is implemented throughout national, provincial and local government. The TAU will be funded through a transfer payment appropriated on National Treasury's Vote which will be reviewed with the finalisation of a cost recovery plan.



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

University of Pretoria (Programme 2: Public Finance and Budget Management)

South Africa will be hosting the Annual Congress of the International Institute of Public Finance in 2009. This will be facilitated by the University of Pretoria and the Department will provide financial support, inputs in the theme of the congress and high level support by joining the steering committee of the project.

Co-operative Banks for Development Agency (public entity unlisted)

The Co-operative Banks for Development Agency (CBDA) was established in terms of the Co-operative Banks Act (2007) and will be operational from 1 April 2008. The objectives of the CBDA are to provide for the registration, as co-operative banks, of deposit-taking financial services co-operatives, savings and credit co-operatives, community banks and village banks, and the regulation and supervision of these banks. The CBDA will also facilitate, promote and fund the education and training of co-operative banks.

Annual Bank Conference on Development Economics (ABCDE)

In June 2008, National Treasury will be hosting the World Bank's ABCDE conference with the theme "People, Politics and Globalisation". The conference will focus on three broad themes: Globalisation, Investment and Growth; Human Development for Equitable Growth; and Political Economy of Shared Growth.

9. Asset management

In addition to the normal day-to-day administration and management of National Treasury's Asset Register, the Department's Asset Management Unit identified and undertook several key initiatives to improve on the overall asset management environment of the Department. These activities are as follows:

9.1 Asset administration and verification

The Department tags and accounts for all departmental assets including financial values upon acquisition and/or as soon as an asset has been assembled fully. In order to control asset movements, all movements are supported by an



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

Asset Movement Form which is duly approved by the authorised official prior to assets being moved.

The Department annually verifies the existence of all departmental assets to enable the Financial Management chief directorate to accurately report on the condition of departmental assets to management and in the annual financial statements.

9.2 Asset Management Strategy

During the 2007/08 financial year, the Asset Management Unit commenced with the implementation of the Asset Management Strategy. The following activities have been identified as part of the strategy and were successfully completed and implemented:

- The asset management policies have been reviewed and updated;
- An asset management solution to enhance the asset management activities has been sourced;
- Roles and responsibilities of all stakeholders have been defined and documented;
- The service level agreement between the Department and Corporate Services division has been revisited, enhanced and implemented;
- Acquisition and maintenance plans to ensure compliance with the applicable norms and standards have been developed; and
- The Asset Management unit's human resources requirements were reviewed to ensure that the various asset management activities are properly executed.

10. Performance information

Divisional heads have reported to the Director-General on a regular basis on the progress made with regards to the programme delivery and measurable objectives, as contained in National Treasury's Strategic Plan.

11. SCOPA resolutions

There were no new SCOPA resolutions relating to National Treasury from prior financial periods.

12. Prior modifications to audit reports

No matters of significance were reported on by the Auditor-General regarding the Department's administration. Those minor housekeeping matters high-



NATIONAL TREASURY VOTE 8

REPORT OF THE ACCOUNTING OFFICER (CONTINUED) for the year ended 31 March 2008

lighted in the Management Letter were addressed and the required control processes implemented to prevent the reoccurrence of those matters.

However, those weaknesses raised by the Auditor-General pertaining to the general controls in the information technology environment have been reviewed and mechanisms are being developed to mitigate those control weaknesses.

13. Acknowledgements

I would like to express my appreciation to all the members of staff for their continued dedication, commitment and hard work in ensuring the proper execution of National Treasury's mandate.

Approval

The Annual Financial Statements set out on pages 104 to 197 have been approved by the Accounting Officer.

LESETJA KGANYAGO
DIRECTOR-GENERAL
DATE: 30 MAY 2008



AUDITOR GENERAL

REPORT OF THE AUDITOR-GENERAL

on the
**Financial Statements and
Performance Information of
Vote 8 - National Treasury**
for
the year ended 31 March 2008



Published by Authority



REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 8 - NATIONAL TREASURY for the year ended 31 March 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the National Treasury which comprise the appropriation statement, statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the accounting officer's report, as set out on pages 104 to 179.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).
3. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

4. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
5. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.



REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 8 - NATIONAL TREASURY (CONTINUED) for the year ended 31 March 2008

6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
7. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury and set out in accounting policy note 1.1.

Opinion

10. In my opinion the financial statements present fairly, in all material respects, the financial position of the National Treasury as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the PFMA.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:



REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 8 - NATIONAL TREASURY (CONTINUED) for the year ended 31 March 2008

Matters of governance

11. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The department had an audit committee in operation throughout the financial year.	X	
• The audit committee operates in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10	X	
Internal audit		
• The department had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2	X	
Other matters of governance		
• The annual financial statements were submitted for auditing as per the legislated deadlines (section 40 of the PFMA).	X	
• The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.	X	
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	X	
• The prior year's external audit recommendations have been substantially implemented.	X	

Unaudited supplementary schedules

12. Annexure 1A (Statement of Conditional Grants (Infrastructure) Paid to Provinces), Annexure 1B (Statement of Conditional Grants (Financial Management) Paid to Municipalities) and Annexure 1C (Statement of Conditional Grants (Restructuring) Paid to Municipalities) include a column of amounts spent by the provinces and the municipalities. I have not audited these amounts and accordingly I do not express an opinion thereon.



REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 8 - NATIONAL TREASURY (CONTINUED) for the year ended 31 March 2008

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

13. I have reviewed the performance information as set out on pages 18-19, 33-40, 44-47, 52-53, 57-60, 65-66, 70 and 74.

Responsibility of the accounting officer for the performance information

14. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.
16. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
17. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

OTHER REPORTS

Investigations

18. During the audit of the National Treasury, it has come to my attention that an investigation was undertaken by the Special Investigations Unit (SIU) in terms of a service level agreement between the National Treasury and the SIU that was still ongoing. The extent of the possible fraud allegations cannot as yet be assessed. The management of the National Treasury was unable to provide a conclusive opinion on the possible outcome of the investigation as it was still in progress at the date of this audit report. However, such an outcome may expose



REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 8 - NATIONAL TREASURY (CONTINUED) for the year ended 31 March 2008

a contravention of the Special Pensions Act, 1996 (Act No. 69 of 1996). This investigation may result in additional costs being incurred by the National Treasury.

APPRECIATION

19. The assistance rendered by the staff of the National Treasury during the audit is sincerely appreciated.

Auditor General.

Pretoria

31 July 2008



AUDITOR GENERAL



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES for the year ended 31 March 2008

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act (1999) (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act (2007).

1. Presentation of the financial statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the Department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary, figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

2. Revenue

2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the Financial Statements.

2.2.1 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

2.2.2 Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the Department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

2.2.3 Interest and dividends

Interest and dividends are recognised in the Statement of Financial Performance when the cash is received.



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

2.2.4 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

2.2.5 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains are recognised on payment of funds.

2.2.6 Transfers received (including donations and sponsorships)

All cash gifts, donations and sponsorships are paid into the National Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the Financial Statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in an annexure to the Financial Statements.

2.3 Direct exchequer receipts

All direct exchequer fund receipts are recognised in the Statement of Financial Performance when the cash is received.

2.4 Local and foreign aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance is disclosed at fair value in the annexures to the Financial Statements.



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or Position.

Salaries comprise payments to employees. Salaries are recognised as an expense in the Statement of Financial Performance when the payment is effected on the system. Capitalised compensation forms part of the Capital expenditure in the Statement of Financial Performance.

All other payments are classified as current expense.

3.1.2 Post retirement benefits

The Department provides retirement benefits (pension benefits) for certain employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions.



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

Employer contributions (i.e. social contributions) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the Financial Statements of the National Revenue Fund and not in the Financial Statements of the employer Department.

The Department provides medical benefits for certain employees. Employer contributions to the medical funds are expensed when final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

3.1.3 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

3.3 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.4 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

3.5 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.6 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.7 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisa-



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

tion for payment is effected on the system (by no later than 31 March of each year).

3.8 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made. Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost.

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the Statement of Financial Performance when the cash is received.



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary.

Amounts that are potentially irrecoverable are included in the disclosure notes.

Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost.

4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

4.8 Capital assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset should be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Disclosure Note 28 reflects the total movement in the Asset Register for the current financial year.

5. Liabilities

5.1 Voted funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

5.2 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

5.3 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

5.4 Contingent liabilities

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.6 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.7 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

5.8 Lease commitments

Lease commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the Financial Statements.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the Financial Statements.



NATIONAL TREASURY VOTE 8

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

7. Net assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are transferred to the National Revenue Fund on disposal, repayment or recovery of such amounts.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

8. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

NATIONAL TREASURY VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2008

Programme	Appropriation per programme							2006/07	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1. Administration	196,399	(768)	(16,622)	179,009	167,452	11,557	93.5	163,031	156,670
Current expenditure	1,971	768	-	2,739	2,703	36	98.7	844	836
Transfers and subsidies	20,613	-	-	20,613	7,447	13,166	36.1	9,517	4,133
Capital expenditure	-	-	-	-	-	-	-	-	-
2. Public Finance and Budget Management	215,804	-	-	215,804	204,637	11,167	94.8	148,548	129,687
Current expenditure	6,000	-	-	6,000	6,000	-	100.0	6,571	6,566
Transfers and subsidies	1,886	-	-	1,886	1,360	526	72.1	2,414	2,279
Capital expenditure	-	-	-	-	-	-	-	-	-
3. Asset and Liability Management	74,271	(817)	-	73,454	55,329	18,125	75.3	58,025	40,544
Current expenditure	-	-	-	-	-	-	-	24	24
Transfers and subsidies	1,682	817	-	2,499	2,498	1	100.0	1,106	704
Capital expenditure	-	-	-	-	-	-	-	-	-
4. Financial Management and Systems	365,222	-	(28,590)	336,632	267,166	69,466	79.4	359,756	194,363
Current expenditure	-	-	-	-	-	-	-	32	29
Transfers and subsidies	3,488	-	-	3,488	770	2,718	22.1	3,526	1,986
Capital expenditure	-	-	-	-	-	-	-	-	-
5. Financial Accounting and Reporting	44,629	-	7,750	52,379	51,090	1,289	97.5	41,309	36,954
Current expenditure	47,140	-	300	47,440	47,438	2	100.0	31,010	27,761
Transfers and subsidies	2,327	-	-	2,327	232	2,095	10.0	3,325	1,070
Capital expenditure	-	-	-	-	-	-	-	-	-
6. Economic Policy and International Financial Relations	111,459	(321)	(8,050)	103,088	90,178	12,910	87.5	68,571	64,190
Current expenditure	5,000	285	-	5,285	2,285	3,000	43.2	5,027	3,526
Transfers and subsidies	699	36	-	735	731	4	99.5	1,257	1,222
Capital expenditure	-	-	-	-	-	-	-	-	-
7. Provincial and Local Government Transfers	7,384,275	-	-	7,384,275	6,992,736	391,539	94.7	5,623,748	5,443,748
Transfers and subsidies	-	-	-	-	-	-	-	-	-
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	1,362,121	(44)	-	1,362,077	1,366,663	(4,586)	100.3	1,356,226	1,252,815
Current expenditure	876,187	44	-	876,231	810,163	66,068	92.5	832,859	795,888
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-	-	-	-
9. Fiscal Payments	9,027,194	-	45,212	9,072,406	8,889,290	183,116	98.0	8,012,855	7,950,628
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Total annual appropriation per programme	19,748,367	-	-	19,748,367	18,966,168	782,199	96.0	16,729,581	16,115,623
Reconciliation with Statement of Financial Performance									
Add:									
Prior year unauthorised expenditure approved with funding									
Departmental revenue received				6,116,653				167	
Direct Exchequer receipts				319,194				4,720,125	
Local and foreign aid assistance received				12,805				5,471	
Actual amounts per Statements of Financial Performance (Total revenue)				26,197,019				21,455,344	
Add:									
Local and foreign aid assistance				11,454				7,838	
Prior year unauthorised expenditure approved				-				167	
Actual amounts per Statements of Financial Performance (Total expenditure)				18,977,622				16,123,628	

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT (CONTINUED) for the year ended 31 March 2008

Economic classification	Appropriation per economic classification						2006/07		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current expenditure									
Compensation of employees ¹	1,640,813	(9,749)	-	1,631,064	1,609,485	21,579	98.7	1,563,213	1,453,360
Goods and services	729,092	7,799	(45,512)	691,379	588,296	103,083	85.1	632,253	415,549
Financial transactions in assets and liabilities	-	-	-	-	4,734	(4,734)	-	-	6,314
Transfers and subsidies									
Provinces and municipalities	7,384,275	-	-	7,384,275	6,992,736	391,539	94.7	5,623,965	5,443,953
Departmental agencies	8,211,339	-	7,319	8,218,658	8,218,629	29	100.0	7,187,744	7,153,082
Universities	5,000	285	-	5,285	2,285	3,000	43.2	5,000	3,500
Foreign governments and international organisations	594,099	-	37,893	631,992	503,820	128,172	79.7	552,650	521,219
Public corporations and private enterprises	278,667	-	-	278,667	222,362	56,305	79.8	312,239	312,238
Non-profit institutions	65	62	-	127	127	-	100.0	62	-
Households	874,322	750	300	875,372	810,656	64,716	92.6	831,310	795,014
Capital expenditure									
Machinery and equipment	28,557	853	-	29,410	13,038	16,372	44.3	17,196	11,394
Software and other intangible assets	2,138	-	-	2,138	-	2,138	-	3,949	-
Total annual appropriation per economic classification	19,748,367	-	-	19,748,367	18,966,168	782,199	96.0	16,729,581	16,115,623

¹ These amounts include retirement benefits payable under Programme 8: Civil and Military Pensions, Contributions to Funds and Other Benefits. The classification of retirement benefits will with effect from 1 April 2008 reflect under households in compliance with the reviewed classification of the Standard Chart of Accounts (SCOA)

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 1: ADMINISTRATION for the year ended 31 March 2008

Programme per subprogramme	2007/08					2006/07				
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
1.1 Minister	938	14	-	952	952	-	100.0	887	883	
Current expenditure										
1.2 Deputy Minister	762	12	-	774	773	1	99.9	721	718	
Current expenditure										
1.3 Management	52,414	(3,652)	(6,069)	42,693	40,959	1,734	95.9	36,430	34,736	
Current expenditure										
Transfers and subsidies	73	1,191	-	1,264	1,256	8	99.4	39	37	
Capital expenditure	1,391	64	-	1,455	1,446	9	99.4	310	265	
1.4 Corporate Services	90,719	2,344	(1,830)	91,233	88,452	2,781	97.0	85,462	84,089	
Current expenditure										
Transfers and subsidies	1,898	(423)	-	1,475	1,447	28	98.1	778	772	
Capital expenditure	19,222	(209)	-	19,013	5,857	13,156	30.8	7,062	3,110	
1.5 Property Management	51,566	514	(8,723)	43,357	36,316	7,041	83.8	39,531	36,244	
Current expenditure										
Transfers and subsidies	-	-	-	-	144	-	-	2,145	27	
Capital expenditure	-	145	-	145	-	1	99.3	-	758	
Total appropriation per programme	218,983	-	(16,622)	202,361	177,602	24,759	87.8	173,392	161,639	
Economic classification	2007/08					2006/07				
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
Current expenditure	64,631	-	-	64,631	61,073	3,558	94.5	57,037	51,960	
Compensation of employees	131,768	(768)	(16,622)	114,378	106,250	8,128	92.9	105,994	102,084	
Goods and services	-	-	-	-	129	(129)	-	-	2,626	
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Provinces and municipalities	270	-	-	270	243	27	90.0	45	43	
Departmental agencies	73	-	-	73	65	8	89.0	210	206	
Public corporations and private enterprises	-	-	-	-	-	-	-	24	23	
Households	-	-	-	-	-	-	-	-	-	
Capital expenditure	1,628	768	-	2,396	2,395	1	100.0	565	564	
Machinery and equipment	19,122	-	-	19,122	7,447	11,675	38.9	6,537	4,133	
Software and other intangible assets	1,491	-	-	1,491	-	-	-	2,980	-	
Total appropriation per economic classification	218,983	-	(16,622)	202,361	177,602	24,759	87.8	173,392	161,639	

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 2: PUBLIC FINANCE AND BUDGET MANAGEMENT for the year ended 31 March 2008

Programme per subprogramme	2007/08					2006/07				
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
2.1 Public Finance										
Current expenditure	34,126	(838)	-	33,288	31,240	2,048	93.8	26,690	24,868	
Transfers and subsidies	-	-	-	-	-	-	-	521	392	
Capital expenditure	415	-	-	415	366	49	88.2	396	27,629	
Budget Co-ordination										
Current expenditure	29,746	1,096	-	30,842	29,701	1,141	96.3	35,426	16	
Transfers and subsidies	-	-	-	-	-	-	-	732	667	
Capital expenditure	417	-	-	417	197	220	47.2	29,055	25,826	
2.3 Intergovernmental Relations										
Current expenditure	37,052	(4,304)	-	32,748	30,027	2,721	91.7	16	17	
Transfers and subsidies	-	-	-	-	-	-	-	376	344	
Capital expenditure	360	76	-	436	409	27	93.8	57,377	6,012	
2.4 Technical and Management Support										
Current expenditure	114,880	4,046	-	118,926	113,669	5,257	95.6	6,014	876	
Transfers and subsidies	6,000	-	-	6,000	6,000	-	100.0	910	138,532	
Capital expenditure	694	(76)	-	618	388	230	62.8	157,533		
Total appropriation per programme	223,690	-	-	223,690	211,997	11,693	94.8	157,533	138,532	

Economic classification	2007/08					2006/07				
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
Current expenditure										
Compensation of employees	95,793	-	-	95,793	89,738	6,055	93.7	77,678	71,927	
Goods and services	120,011	-	-	120,011	114,891	5,120	95.7	70,870	57,750	
Financial transactions in assets and liabilities	-	-	-	-	8	(8)	-	-	10	
Transfers and subsidies										
Provinces and municipalities	-	-	-	-	-	-	-	71	66	
Departmental agencies	6,000	-	-	6,000	6,000	-	100.0	6,000	6,000	
Universities	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	500	500	
Capital expenditure										
Machinery and equipment	1,853	-	-	1,853	1,360	493	73.4	2,370	2,279	
Software and other intangible assets	33	-	-	33	33	-	-	44	-	
Total appropriation per economic classification	233,690	-	-	223,690	211,997	11,693	94.8	157,533	138,532	

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 3: ASSET AND LIABILITY MANAGEMENT for the year ended 31 March 2008

Programme per subprogramme	2007/08						2006/07					
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	
3.1 Management												
Current expenditure	15,048	1,786	-	16,834	16,493	341	98.0	21,154	11,167			
Transfers and subsidies	-	-	-	-	-	-	-	2	2			
Capital expenditure	261	(251)	-	10	10	-	100.0	125	124			
3.2 Asset Management												
Current expenditure	33,262	(2,603)	-	30,659	16,128	14,531	52.6	13,177	8,639			
Transfers and subsidies	-	-	-	-	-	-	-	5	5			
3.3 Liability Management												
Current expenditure	11,185	-	-	11,185	9,171	2,014	82.0	10,287	9,068			
Transfers and subsidies	-	-	-	-	-	-	-	7	7			
Capital expenditure	-	-	-	-	-	-	-	6	6			
3.4 Financial Operations												
Current expenditure	9,084	-	-	9,084	8,781	303	96.7	7,826	7,300			
Transfers and subsidies	-	-	-	-	-	-	-	6	6			
Capital expenditure	1,421	1,068	-	2,488	2,488	1	100.0	967	567			
3.5 Strategy and Risk Management												
Current expenditure	5,692	-	-	5,692	4,756	936	83.6	5,581	4,370			
Transfers and subsidies	-	-	-	-	-	-	-	4	4			
Capital expenditure	-	-	-	-	-	-	-	8	7			
Total appropriation per programme	75,953	-	-	75,953	57,827	18,126	76.1	59,155	41,272			
Economic classification												
Current expenditure												
Compensation of employees	34,429	-	-	34,429	30,054	4,375	87.3	28,167	26,025			
Goods and services	39,842	(817)	-	39,025	25,275	13,750	64.8	29,858	14,518			
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	1			
Transfers and subsidies												
Provinces and municipalities	-	-	-	-	-	-	-	24	24			
Capital expenditure												
Machinery and equipment	1,682	817	-	2,499	2,498	1	100.0	1,106	704			
Software and other intangible assets	-	-	-	-	-	-	-	-	-			
Total appropriation per economic classification	75,953	-	-	75,953	57,827	18,126	76.1	59,155	41,272			

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 4: FINANCIAL MANAGEMENT AND SYSTEMS for the year ended 31 March 2008

Programme per subprogramme	2007/08						2006/07			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
4.1 Management	1,786	-	-	1,786	1,334	452	74.7	1,527	1,341	
Current expenditure	-	-	-	-	-	-	-	-	1	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Capital expenditure	-	-	-	-	-	-	-	-	-	
4.2 Supply Chain Management	34,336	-	-	34,336	28,533	5,803	83.1	37,036	19,949	
Current expenditure	-	-	-	-	-	-	-	16	15	
Transfers and subsidies	-	-	-	-	259	318	44.9	639	345	
Capital expenditure	584	(7)	-	577	-	-	-	-	-	
4.3 PFMA Implementation and Coordination	11,882	-	-	11,882	6,483	5,399	54.6	12,144	5,535	
Current expenditure	-	-	-	-	6	1	-	2	2	
Transfers and subsidies	-	-	-	-	7	-	85.7	69	69	
Capital expenditure	-	-	-	-	-	-	-	-	-	
4.4 Financial Systems	317,218	-	(28,590)	288,628	230,816	57,812	80.0	309,049	167,538	
Current expenditure	-	-	-	-	-	-	-	13	11	
Transfers and subsidies	-	-	-	-	505	2,399	17.4	2,818	1,572	
Capital expenditure	2,904	-	-	2,904	-	-	-	-	-	
Total appropriation per programme	368,710	-	(28,590)	340,120	267,936	72,184	78.8	363,314	196,378	
Economic classification							2006/07			
Current expenditure	36,438	-	-	36,438	32,291	4,147	88.6	38,533	30,772	
Compensation of employees	328,784	-	(28,590)	300,194	234,869	65,325	78.2	321,223	163,590	
Goods and services	-	-	-	-	-	-	-	-	-	
Financial transactions in assets and liabilities	-	-	-	-	6	(6)	-	-	1	
Transfers and subsidies	-	-	-	-	-	-	-	32	29	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Capital expenditure	2,892	-	-	2,892	770	2,122	26.6	2,633	1,986	
Machinery and equipment	596	-	-	596	-	596	-	893	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
Total appropriation per economic classification	368,710	-	(28,590)	340,120	267,936	72,184	78.8	363,314	196,378	

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 5: FINANCIAL ACCOUNTING AND REPORTING for the year ended 31 March 2008

Programme per subprogramme	2007/08						2006/07		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
5.1 Financial Reporting for National Accounts									
Current expenditure	28,703	3,112	7,680	39,495	39,175	320	99.2	31,245	30,206
Transfers and subsidies	23,338	-	300	23,638	23,638	-	100.0	15,904	15,903
Capital expenditure	993	-	-	993	160	833	16.1	1,948	720
5.2 Financial Management Improvement									
Current expenditure	15,806	(3,059)	70	12,817	11,849	968	92.4	9,898	6,686
Transfers and subsidies	-	-	-	-	-	-	-	4	4
Capital expenditure	1,334	-	-	1,334	71	1,262	5.4	1,377	350
5.3 Investment of Public Monies									
Transfers and subsidies	1	-	-	1	-	1	-	1	-
5.4 Service Charges									
Current expenditure	120	(53)	-	67	66	1	98.5	166	62
5.5 Audit Statutory Bodies									
Transfers and subsidies	23,800	-	-	23,800	23,800	-	100.0	15,100	11,854
5.6 Contingent Liabilities									
Transfers and subsidies	1	-	-	1	1	-	-	1	-
Total appropriation per programme	94,096	-	8,050	102,146	98,760	3,386	96.7	75,644	65,785

Economic classification	2007/08						2006/07		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current expenditure									
Compensation of employees	23,634	-	-	23,634	22,492	1,142	95.2	20,284	19,299
Goods and services	20,995	-	7,750	28,745	28,598	147	99.5	21,025	17,654
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	1
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	18	17
Departmental agencies	47,140	-	-	47,140	47,138	2	100.0	30,742	27,494
Households	-	-	300	300	300	-	100.0	250	250
Capital expenditure									
Machinery and equipment	2,309	-	-	2,309	232	2,077	10.0	3,325	1,070
Software and other intangible assets	18	-	-	18	-	18	-	-	-
Total appropriation per economic classification	94,096	-	8,050	102,146	98,760	3,386	96.7	75,644	65,785

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 6: ECONOMIC POLICY AND INTERNATIONAL RELATIONS for the year ended 31 March 2008

Programme per subprogramme	2007/08						2006/07		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
6.1 Management and Research									
Current expenditure	8,469	468	-	8,937	8,475	462	94.8	12,046	11,173
Transfers and subsidies	5,000	285	-	5,285	2,285	3,000	43.2	5,002	3,501
Capital expenditure	89	(25)	-	64	63	1	98.4	92	92
6.2 Financial Sector Policy									
Current expenditure	17,000	(423)	-	16,577	15,940	637	96.2	14,791	14,361
Transfers and subsidies	-	-	-	-	146	1	-	6	6
Capital expenditure	130	17	-	147	-	-	99.3	137	135
6.3 Tax Policy									
Current expenditure	12,744	(45)	-	12,699	12,294	405	96.8	11,830	11,355
Transfers and subsidies	-	-	-	-	-	-	-	7	7
Capital expenditure	130	(11)	-	119	118	1	99.2	153	152
6.4 International Economics									
Current expenditure	14,576	(321)	-	14,255	12,945	1,310	90.8	10,526	9,427
Transfers and subsidies	-	-	-	-	-	-	-	5	5
Capital expenditure	210	(11)	-	199	198	1	99.5	187	187
6.5 Economic Policy									
Current expenditure	58,670	-	(8,050)	50,620	40,524	10,096	80.1	19,378	17,874
Transfers and subsidies	-	-	-	-	206	-	-	688	7
Capital expenditure	140	66	-	206	-	-	100.0	-	656
Total appropriation per programme	117,158	-	(8,050)	109,108	93,194	15,914	85.4	74,855	68,938
Economic classification									
Current expenditure									
Compensation of employees	39,394	-	-	39,394	37,092	2,302	94.2	33,514	30,914
Goods and services	72,065	(321)	(8,050)	63,694	53,083	10,611	83.3	35,057	33,271
Financial transactions in assets and liabilities	-	-	-	-	3	(3)	-	-	5
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	27	26
Universities	5,000	285	-	5,285	2,285	3,000	43.2	5,000	3,500
Households	-	-	-	-	-	-	-	-	-
Capital expenditure									
Machinery and equipment	699	36	-	735	731	4	99.5	1,225	1,222
Software and other intangible assets	-	-	-	-	-	-	-	32	-
Total appropriation per economic classification	117,158	-	(8,050)	109,108	93,194	15,914	85.4	74,855	68,938

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 7: PROVINCIAL AND LOCAL GOVERNMENT TRANSFERS for the year ended 31 March 2008

Programme per subprogramme	2007/08						2006/07		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
7.1 Conditional grants to provinces Transfers and subsidies	6,414,025	-	-	6,414,025	6,276,244	137,781	97.9	4,983,498	4,983,498
7.2 Conditional grants to municipalities Transfers and subsidies	675,250	-	-	675,250	675,250	-	100.0	590,250	410,250
7.3 Neighbourhood development partnership grant Transfers and subsidies	295,000	-	-	295,000	41,242	253,758	14.0	50,000	50,000
Total appropriation per programme	7,384,275	-	-	7,384,275	6,992,736	391,539	94.7	5,623,748	5,443,748
Economic classification	2007/08						2006/07		
Transfers and subsidies Provinces and municipalities	7,384,275	-	-	7,384,275	6,992,736	391,539	94.7	5,623,748	5,443,748
Total appropriation per programme	7,384,275	-	-	7,384,275	6,992,736	391,539	94.7	5,623,748	5,443,748

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 8: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS for the year ended 31 March 2008

Programme per subprogramme	2007/08					2006/07				
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
8.1 Civil Pensions and Contributions to Funds										
Current expenditure	1,359,876	(248)	-	1,359,628	1,364,215	(4,587)	100.3	1,353,758	1,250,318	
Transfers and subsidies	718,036	-	-	718,036	663,219	54,817	92.4	679,783	651,356	
8.2 Military Pensions and Other Benefits										
Current expenditure	2,245	204	-	2,449	2,448	1	100.0	2,468	2,497	
Transfers and subsidies	158,151	44	-	158,195	146,944	11,251	92.9	153,076	144,532	
Total appropriation per programme	2,238,308	-	-	2,238,308	2,176,826	61,482	97.3	2,189,085	2,048,703	
Economic classification										
Current expenditure										
Compensation of employees ²	1,346,494	(9,749)	-	1,336,745	1,336,745	-	100.0	1,308,000	1,222,463	
Goods and services	15,627	9,705	-	25,332	25,330	2	100.0	48,226	26,682	
Financial transactions in assets and liabilities	-	-	-	-	4,588	(4,588)	-	-	3,670	
Transfers and subsidies										
Foreign governments and international organisations	3,428	-	-	3,428	2,075	1,353	60.5	2,302	1,688	
Non-profit institutions	65	62	-	127	127	-	100.0	62	-	
Households ³	872,694	(18)	-	872,676	807,961	64,715	92.6	830,495	794,200	
Total appropriation per economic classification	2,238,308	-	-	2,238,308	2,176,826	61,482	97.3	2,189,085	2,048,703	

² Payments relates to post retirement benefits

³ Transfers to households comprises of special pensions (R 246.4 million), injury on duty (R 337.4 million) and other miscellaneous transfers (R 224.1 million)

NATIONAL TREASURY VOTE 8

APPROPRIATION STATEMENT - DETAIL PER PROGRAMME 9: FISCAL TRANSFERS

for the year ended 31 March 2008

Programme per subprogramme	2007/08						2006/07		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
9.1 Common Monetary Area (CMA) Compensation									
Transfers and subsidies	327,402	-	-	327,402	320,597	6,805	97.9	311,804	282,755
9.2 Development Bank of Southern Africa (Financial Management Grant)									
Transfers and subsidies	53,407	-	-	53,407	53,407	-	100.0	53,407	53,407
9.3 World Bank Group (IDA)									
Transfers and subsidies	48,814	-	37,828	86,642	86,641	1	100.0	122,548	121,760
9.4 African Development Bank									
Transfers and subsidies	90,786	-	-	90,786	76,945	13,841	84.8	105,768	104,939
9.5 South African Revenue Service									
Transfers and subsidies	5,511,031	-	-	5,511,031	5,511,031	-	100.0	4,874,591	4,874,591
9.6 Financial and Fiscal Commission									
Transfers and subsidies	20,178	-	7,319	27,497	27,497	-	100.0	21,705	21,705
9.7 Secret Services									
Transfers and subsidies	2,584,240	-	-	2,584,240	2,584,240	-	100.0	2,223,086	2,223,086
9.8 Financial Intelligence Centre									
Transfers and subsidies	42,480	-	-	42,480	42,480	-	100.0	31,410	-
9.9 Commonwealth Fund for Technical Cooperation									
Transfers and subsidies	3,369	-	65	3,434	3,434	-	100.0	3,000	2,858
9.10 Global Alliance for Vaccines and Immunisation									
Transfers and subsidies	7,500	-	-	7,500	7,363	137	98.2	7,228	7,219
9.11 Development Bank of Southern Africa (Siyenza Manje)									
Transfer of Subsidies	225,187	-	-	225,187	168,890	56,297	75.0	258,308	258,308
9.12 Regional Integration									
Transfer of Subsidies	5,000	-	-	5,000	-	5,000	-	-	-
9.13 Financial and Technical Support									
Transfer of Subsidies	100,000	-	-	100,000	-	100,000	-	-	-
9.14 Investment Climate Facility									
Transfer of subsidies	7,800	-	-	7,800	6,765	1,035	86.7	-	-
Total appropriation per programme	9,027,194	-	45,212	9,072,406	8,889,290	183,116	98.0	8,012,855	7,950,628
Economic classification									
Transfers and subsidies									
Departmental agencies	8,157,929	-	7,319	8,165,248	8,165,248	-	100.0	7,150,792	7,119,382
Foreign governments and international organisations	590,671	-	37,893	628,564	501,745	126,819	79.8	550,348	519,531
Public corporations and private enterprises	278,594	-	-	278,594	222,297	56,297	79.8	311,715	311,715
Total appropriation per economic classification	9,027,194	-	45,212	9,072,406	8,889,290	183,116	98.0	8,012,855	7,950,628

NATIONAL TREASURY VOTE 8

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2008

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in Note 7 - Transfers and Subsidies and Annexure 1A - K to the Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in Note 1 - Annual Appropriation to the Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in Note 6 - Financial Transactions in Assets and Liabilities to the Financial Statements.

4. Explanations of material variances from amounts voted (after Virement):

Per programme	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %	Explanations of variances
Programme 1 : Administration	202,361	177,602	24,759	12.2	The deviation is due to the unrealistic timelines for the strategic sourcing (tender process) of the PABX telephone system project, longer than expected implementation of the infrastructure pre-requisites for new core network switches for the 240 Vermeulen and 40 Church Square buildings, the delays by an overseas service provider in delivery of the network infrastructure hardware, lesser than anticipated payment to the Department of Public Works for the devolution of funds, the delay in the refurbishment of the 120 Plein Street building attributed to the budget period, vacancies mainly for the talent management pool and the lesser than anticipated payment for legal costs.
Programme 2 : Public Finance and Budget Management	223,690	211,997	11,693	5.2	The deviation is due to protracted negotiations for alternative funding received through the German Development Agency to recruit specialists with regards the 2010 World Cup project, delayed appointments of legal consultants for the revision of the standardised provisions of legal framework for the Public Private Partnership attributed to the lack of legal support for the unit, delays in the finalisation of contracts of the finance recovery service for the Municipal Finance Management Act implementation as adverts were issued in March 2008, and vacancies.

NATIONAL TREASURY VOTE 8
NOTES TO THE APPROPRIATION STATEMENT (CONTINUED)
for the year ended 31 March 2008

Per programme	Final appropriation		Actual expenditure		Variance		Variance as a % of final appropriation	Explanations of variances
	R'000	R'000	R'000	R'000	R'000	%		
Sub total brought forward	426,051	389,599	36,452					
Programme 3 : Asset and Liability Management	75,953	57,827	18,126			23.9	The deviation is due to the delay by the service provider in the finalisation of the research report for the Pebble Bed Modular Reactor, project delays in the report presented by the service provider for the Development Finance Institutions project and vacancies.	
Programme 4 : Financial Management and Systems	340,120	267,936	72,184			21.2	The deviation is due to the saving on the maintenance of the transversal systems, the delays in the finalisation of contract negotiations for phase II and III of the IFMS project, South African Management Development Institute and Supply Chain Management training initiatives which did not materialise and vacancies.	
Programme 5 : Financial Accounting and Reporting	102,146	98,760	3,386			3.3	The deviation is due to reconsideration of the acquisition of the Risk Management System and vacancies.	
Programme 6 : Economic Policy and International Financial Relations	109,108	93,194	15,914			14.6	The deviation is due to lesser than expected expenditure for the Economic Research of South Africa (ERSA) project, the G20, outstanding invoicing by Pundy Pillay Consulting for the Country Partnership Strategy Paper Report, the Institute for Global Dialogue for the advisory role on policy work and vacancies.	
Programme 7 : Provincial and Local Government Transfers	7,384,275	6,992,736	391,539			5.3	The deviation is due to the non-transfer payment for the NDPG due to the delays in finalising the funding agreements and milestone payment schedules with the municipalities, and funds withheld from the Mpumalanga province due to poor reporting and slow spending in terms of the DoRA.	
Programme 8 : Civil and Military Pensions, Contributions to Funds and Other Benefits	2,238,308	2,176,826	61,482			2.8	The deviation is due to lesser monthly premiums for post retirement medical benefits and lesser than anticipated payment of claims for special pensions.	
Programme 9 : Fiscal Transfers	9,072,406	8,889,290	183,116			2.0	The deviation is due to lesser than anticipated transfer payments to the CMA compensation, the African Development Bank and the African Development Fund, the Investment Climate Facility, the Development Bank of Southern Africa for the Siyenza Manje project and the Global Alliance for Vaccines and Immunisation.	
Total per programme	19,748,367	18,966,168	782,199					



NATIONAL TREASURY VOTE 8

NOTES TO THE APPROPRIATION STATEMENT (CONTINUED) for the year ended 31 March 2008

Economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000
Current payment:	2,322,443	2,202,515	119,928
Compensation of employees	1,631,064	1,609,485	21,579
Goods and services	691,379	588,296	103,083
Financial transactions in assets and liabilities	-	4,734	(4,734)
Transfers and subsidies:	17,394,376	16,750,615	643,761
Provinces and municipalities	7,384,275	6,992,736	391,539
Departmental agencies and accounts	8,218,658	8,218,629	29
Universities	5,285	2,285	3,000
Public corporations and private enterprises	278,667	222,362	56,305
Foreign governments and international organisations	631,992	503,820	128,172
Non-profit institutions	127	127	-
Households	875,372	810,656	64,716
Payments for capital assets:	31,548	13,038	18,510
Machinery and equipment	29,410	13,038	16,372
Software and other intangible assets	2,138	-	2,138
Total per economic classification	19,748,367	18,966,168	782,199



NATIONAL TREASURY VOTE 8

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
REVENUE			
Annual appropriation	1	19,748,367	16,729,581
Appropriation for unauthorised expenditure approved	9	-	167
Departmental revenue	2	5,095,776	4,720,125
Direct exchequer receipts		-	-
Local and foreign aid assistance	3	12,805	5,471
TOTAL REVENUE		24,856,948	21,455,344
EXPENDITURE			
Current expenditure			
Compensation of employees	4	1,609,485	1,453,360
Goods and services	5	588,296	415,549
Financial transactions in assets and liabilities	6	4,734	6,314
Local and foreign aid assistance	3	11,288	7,749
Unauthorised expenditure approved	9	-	167
Total current expenditure		2,213,803	1,883,139
Transfers and subsidies			
Provinces and municipalities		6,992,736	5,443,953
Departmental agencies		8,218,629	7,153,082
Universities		2,285	3,500
Public corporations and private enterprises		222,362	312,238
Foreign governments and international organisations		503,820	521,219
Non-profit institutions		127	-
Households		810,656	795,014
Total transfers and subsidies	7	16,750,615	14,229,006
Expenditure for capital assets			
Machinery and equipment	8	13,038	11,394
Local and foreign aid assistance	3	166	89
Total expenditure for capital assets		13,204	11,483
TOTAL EXPENDITURE		18,977,622	16,123,628
SURPLUS FOR THE YEAR		5,879,326	5,331,716
Reconciliation of surplus for the year			
Voted Funds	14	782,199	613,958
Departmental Revenue	15	5,095,776	4,720,125
Direct exchequer receipts		-	-
Local and foreign aid assistance		1,351	(2,367)
SURPLUS FOR THE YEAR		5,879,326	5,331,716



NATIONAL TREASURY VOTE 8

STATEMENT OF FINANCIAL POSITION
as at 31 March 2008

	2007/08	2006/07
Note	R'000	R'000
ASSETS		
Current assets		
	806,407	576,598
Cash and cash equivalents	10 791,809	558,462
Prepayments and advances	11 280	437
Receivables	12 12,780	16,703
Local and foreign aid assistance receivable	3 1,538	996
Non-current assets		
	200,001	200,001
Investments	13 200,001	200,001
TOTAL ASSETS	1,006,408	776,599
LIABILITIES		
Current liabilities		
	806,309	576,557
Voted funds to be surrendered to the National Revenue Fund	14 782,199	561,204
Departmental revenue to be surrendered to the National Revenue Fund	15 9,593	7,895
Payables	16 11,999	6,811
Local and foreign aid assistance unutilised	3 2,518	647
TOTAL LIABILITIES	806,309	576,557
NET ASSETS	200,099	200,042
Represented by:		
Capitalisation reserve	200,001	200,001
Recoverable revenue (staff and other debts recovered)	98	41
TOTAL	200,099	200,042



NATIONAL TREASURY VOTE 8

STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2008

	2007/08	2006/07
<i>Note</i>	R'000	R'000
Capitalisation reserves		
Opening balance	200,001	200,001
Closing balance capitalisation reserves	200,001	200,001
Capitalisation reserves		
Opening balance	41	13
Transfers:	57	28
Irrecoverable amounts written off	6.3 (1)	-
Debts recovered (included in departmental revenue)	(85)	(90)
Debts raised	143	118
Closing balance capitalisation reserves	98	41
TOTAL NET ASSETS	200,099	200,042



NATIONAL TREASURY VOTE 8

CASH FLOW STATEMENT for the year ended 31 March 2008

	2007/08	2006/07
Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	24,855,263	21,385,982
Annual appropriated funds received	19,748,367	16,676,827
Appropriation for unauthorised expenditure received	-	167
Departmental revenue received	5,094,091	4,703,517
Direct exchequer receipts	-	-
Local and foreign aid assistance received	12,805	5,471
Net decrease / (increase) in working capital	9,268	(15,341)
Surrendered to National Revenue Fund	(5,655,282)	(5,931,721)
Current payments	(2,213,825)	(1,882,972)
Unauthorised expenditure - current payment	-	(167)
Transfers and subsidies paid	(16,750,615)	(14,229,006)
Net cash flow available from operating activities	244,809	(673,225)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	(13,204)	(11,483)
Proceeds from sale of capital assets	-	309
Net cash flows from investing activities	(13,204)	(11,174)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends received	1,685	16,299
Increase in net assets	57	28
Net cash flows from financing activities	1,742	16,327
Net increase / (decrease) in cash and cash equivalents	233,347	(668,072)
Cash and cash equivalents at the beginning of the period	558,462	1,226,534
Cash and cash equivalents at end of period	791,809	558,462



NATIONAL TREASURY VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2008

1. Annual appropriation	Final Appropriation R'000	Actual Funds Received R'000	Appropriation received 2006/07 R'000
Programme description			
Administration	202,361	202,361	173,392
Public Finance and Budget Management	223,690	223,690	157,533
Asset and Liability Management	75,953	75,953	59,155
Financial Management and Systems	340,120	340,120	310,560
Financial Accounting and Reporting	102,146	102,146	75,644
Economic Policy and International Financial Relations	109,108	109,108	74,855
Provincial and Local Government Transfers	7,384,275	7,384,275	5,623,748
Civil and Military Pensions, Contributions to Funds and Other Benefits	2,238,308	2,238,308	2,189,085
Fiscal Transfers	9,072,406	9,072,406	8,012,855
Total appropriation	19,748,367	19,748,367	16,676,827

National Treasury received and transferred all of the equitable share allocations to provinces which amounted to R172.9 billion (2006/07 R150.8 billion)

2. Departmental revenue	Note	2007/08 R'000	2006/07 R'000
Sales of goods and services other than capital assets	2.1	45,215	36,274
Fines, penalties and forfeits		-	365,000
Interest and dividends	2.2	4,884,243	4,281,186
Sales of capital assets	2.3	-	309
Financial transactions in assets and liabilities	2.4	166,318	37,356
Departmental revenue collected		5,095,776	4,720,125
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department		45,215	36,274
Sales by market establishment		85	174
Administrative fees		45,130	36,100
Total sales of goods and services other than capital assets		45,215	36,274
2.2 Interest and dividends			
Interest		4,882,558	4,264,887
Dividends		1,685	16,299
Total interest and dividends		4,884,243	4,281,186
2.3 Sale of capital assets			
Other capital assets		-	309
Total sale of capital assets		-	309
2.4 Financial transactions in assets and liabilities			
Nature of recovery			
Receivables		166,252	37,336
Other receipts including recoverable revenue		66	20
Total financial transactions in assets and liabilities		166,318	37,356



NATIONAL TREASURY VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
3. Local and foreign aid assistance		
3.1 Foreign assistance received in cash from RDP		
Opening Balance	(371)	1,996
Revenue	12,805	5,471
Expenditure	11,454	7,838
Current	11,288	7,749
Capital	166	89
Closing balance	980	(371)
3.2 Local assistance received in cash: other		
Opening balance	22	22
Expenditure	22	-
Current	(22)	-
Closing balance	-	22
Total assistance		
Opening balance	(349)	2,018
Revenue	12,805	5,471
Expenditure	11,476	7,838
Current	11,310	7,749
Capital	166	89
Closing balance	980	(349)
Analysis of balance		
Local and foreign aid receivable	(1,538)	(996)
Local and foreign aid unutilised	2,518	647
Closing balance	980	(349)
4. Compensation of employees		
4.1 Salaries		
Basic salary	170,573	147,166
Performance award	18,522	14,964
Service Based	-	6
Compensative/circumstantial	15,447	11,782
Other non-pensionable allowances	40,837	34,203
Total salaries	245,379	208,121
Average number of employees (Refer to 4.1 and 4.2.1)	796	730
4.2 Social contributions		
4.2.1. Employer contributions		
Pension	21,084	16,934
Medical	6,254	5,820
Bargaining council	23	22
Total social contributions	27,361	22,776



NATIONAL TREASURY VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
4.2.2 Post retirement benefits			
Medical		1,336,745	1,222,463
Total post retirement benefits		1,336,745	1,222,463
Total compensation of employees		1,609,485	1,453,360
Average number of pensioners (Refer to 4.2.2)		68 536	68 396
5. Goods and services			
Advertising		3,268	3,279
Attendance fees (including registration fees)		53	23
Bank charges and card fees		181	180
Bursaries (employees)		1,203	777
Catering		2,557	-
Communication		6,164	5,635
Computer services		245,108	168,562
Consultants, contractors and special services		174,816	112,080
Courier and delivery services		149	143
Drivers' licences and permits		2	3
Entertainment		310	2,360
External audit fees	5.1	9,453	9,467
Equipment less than R5000		1,542	3,406
Firearm handling fees		1	-
Inventory	5.2	15,531	14,402
Legal fees		11,521	11,049
Maintenance, repairs and running costs		1,472	2,823
Medical Services		-	25
Operating leases		25,614	18,303
Personnel agency fees		9,650	7,441
Photographic services		95	12
Plants, flowers and other decorations		995	196
Printing and publications		14	225
Professional bodies and membership fees		488	719
Resettlement costs		680	669
Subscriptions		4,263	2,502
Owned and leasehold property expenditure		4,311	4,978
Translations and transcriptions		239	27
Travel and subsistence	5.3	38,705	26,401
Venues and facilities		17,583	10,531
Protective, special clothing & uniforms		8	3
Training & staff development		12,320	9,328
Total goods and services		588,296	415,549
5.1 External audit fees			
Regularity audits		5,629	7,760
Performance audits		3,431	1,575
Other audits		393	132
Total external audit fees		9,453	9,467



NATIONAL TREASURY VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

		2007/08	2006/07
	Note	R'000	R'000
5.2 Inventory			
Domestic consumables		690	662
Food and food supplies		532	354
Fuel, oil and gas		196	146
Other consumables		87	32
Parts and other maintenance material		1,127	765
Stationery and printing		12,809	12,390
Restoration and fittings		90	53
Total inventory		15,531	14,402
5.3 Travel and subsistence			
Local		24,307	15,297
Foreign		14,398	11,104
Total travel and subsistence		38,705	26,401
6. Financial transactions in assets and liabilities			
Material losses written off	6.1	146	2,644
Debts written off	6.2	4,588	3,670
Total financial transactions in assets and liabilities		4,734	6,314
6.1 Material losses written off			
Accidental damages (hired vehicles)		7	10
State Guarantees		76	2,245
Miscellaneous		63	189
Total material losses written off		146	2,644
6.2 Debts written off			
Civil and Military pensions (bad debts)		4,588	3,670
Total debts written off		4,588	3,670
6.3 Irrecoverable amounts written off			
Receivables written off		1	-
Total irrecoverable amounts written off		1	-
7. Transfers and subsidies			
Provinces and municipalities		6,992,736	5,443,953
Conditional grants (infrastructure) paid to provinces	Annex 1A	6,276,244	4,983,498
Conditional grants (financial management) paid to municipalities	Annex 1B	145,250	145,250
Conditional grants (restructuring) paid to municipalities	Annex 1C	530,000	265,000
In kind conditional grants to municipalities	Annex 1D	41,242	50,000
Unconditional grants (regional council levy) paid to municipalities	Annex 1E	-	205
Departmental agencies and accounts	Annex 1F	8,218,629	7,153,082
Universities	Annex 1G	2,285	3,500
Foreign governments and international organisations	Annex 1H	503,820	521,219
Public corporations and private enterprises	Annex 1I	222,362	312,238
Non-profit institutions	Annex 1J	127	-
Households	Annex 1K	810,656	795,014
Total transfers and subsidies		16,750,615	14,229,006



NATIONAL TREASURY VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

		2007/08	2006/07
	Note	R'000	R'000
8. Expenditure for capital assets			
Machinery and equipment	28	13,038	11,394
Total expenditure for capital assets		13,038	11,394
9. Unauthorised expenditure			
Opening balance		-	167
Current expenditure approved by Parliament (with funding) - Finance Act (2007)		-	(167)
Unauthorised expenditure awaiting authorisation		-	-
10. Cash and cash equivalents			
Consolidated Paymaster General Account		770,321	552,578
Cash on hand		21	21
Cash with commercial banks		21,467	5,863
Total cash and cash equivalents		791,809	558,462
11. Prepayments and advances			
Travel and subsistence		154	201
Prepayments paid to other entities		126	236
Total prepayments and advances		280	437
12. Receivables			
		Less than	One to
		one year	three years
		Older than	three years
Description	Note	R'000	R'000
Households and non-profit institutions	12.1	1,464	5,016
Staff debtors	12.2	293	63
Other debtors	12.3	1,367	19
Intergovernmental receivables	Annex 4	1,162	241
Total		4,286	5,339
		Total	Total
		R'000	R'000
		7,958	10,589
		378	323
		1,590	637
		2,854	5,154
		12,780	16,703
12.1 Households and non-profit institutions			
Civil and Military pensions debt		65	795
Civil and Military pensions allowance		5,976	7,945
Special pensions disallowance		1,917	1,849
Total households and non-profit institutions		7,958	10,589
12.2 Staff Debtors			
Departmental debts		305	254
Other staff debts		73	69
Total staff debtors		378	323
12.3 Other debtors			
Theft and losses		462	418
Value added tax (SARS)		1,110	219
Miscellaneous		18	-
Total Other debtors		1,590	637



NATIONAL TREASURY VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

		2007/08	2006/07
	Note	R'000	R'000
13. Investments (non current shares)			
Development Bank of South Africa	Annex 2A & 2B	200,000	200,000
Public Investment Corporation Limited	Annex 2A & 2B	1	1
SASRIA ¹	Annex 2A & 2B	-	-
Total investments		200,001	200,001
¹ Total shareholding in SASRIA Limited amounts to R1. Kindly refer to Annexure 2A for more details.			
Analysis of non current investments			
Opening balance		200,001	200,001
Closing balance of non current investments		200,001	200,001
14. Voted funds to be surrendered to the National Revenue Fund			
Opening balance		561,204	1,115,324
Transfer from Statement of Financial Performance		782,199	613,958
Voted funds not requested/not received	14.1	-	(52,754)
Paid during the year		(561,204)	(1,115,324)
Closing balance Voted funds to be surrendered		782,199	561,204
14.1 Voted funds not requested			
Funds not to be requested		-	(52,754)
Total voted funds not requested		-	(52,754)
15. Departmental revenue to be surrendered to the National Revenue Fund			
Opening balance		7,895	104,167
Transfer from Statement of Financial Performance		5,095,776	4,720,125
Paid during the year		(5,094,078)	(4,816,397)
Closing balance departmental revenue to be surrendered		9,593	7,895
16. Payables			
Description	Notes	30 Days	Total
Advances received	16.1	2	7
Clearing accounts	16.2	40	52
Other payables	16.3	11,957	6,752
Total payables		11,999	6,811
16.1 Advances received			
Pensions Administration		2	7
Total advances received		2	7
16.2 Clearing accounts			
Receivable Interest		16	36
Salary recalls		-	16
Income Tax		24	-
Total clearing accounts		40	52



NATIONAL TREASURY VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

	2007/08	2006/07
	R'000	R'000
16.3 Other payables	<i>Note</i>	
Recoverable revenue civil and military pensions	9,830	5,778
Recoverable revenue special pensions	1,920	879
Other	207	95
Total other payables	11,957	6,752
17. Net cash flow available from operating activities		
Net surplus as per Statement of Financial Performance	5,879,326	5,331,716
Add back non cash / cash movements not deemed operating activities	(5,634,517)	(6,004,941)
Decrease in receivables	3,923	10,254
Increase in prepayments and advances	157	6
Increase in other current assets	-	(829)
Increase / (decrease) in payables	5,188	(25,768)
Proceeds from sale of capital assets	-	(309)
Decrease in other financial assets	(1,685)	
Expenditure on capital assets	13,204	11,483
Surrenders to National Revenue Fund	(5,655,282)	(5,931,721)
Voted funds not requested	-	(52,754)
Other non-cash items	(22)	(15,303)
Net cash flow generated by operating activities	244,809	(673,225)
18. Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General Account	770,321	552,578
Cash on hand	21	21
Cash with commercial banks	21,467	5,863
Total reconciliation of cash and cash equivalents	791,809	558,462



NATIONAL TREASURY VOTE 8

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2008

			2007/08	2006/07
			R'000	R'000
19. Contingent liabilities		Note		
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 3A	508	661
Housing loan guarantees	Employees	Annex 3A	437	518
Other guarantees		Annex 3A	13,467,521	13,189,087
Local guarantees	Financial institutions		979,628	920,533
Local guaranteed interest	Financial institutions		73,696	90,957
Foreign guarantees	Financial institutions		12,338,268	12,094,226
Foreign guaranteed interest	Financial institutions		75,929	83,371
Claims against the department		Annex 3B	670	1,727
Other		Annex 3B	41,331	44,248
Total			13,510,467	13,236,241
20. Commitments (approved and contracted)				
Current expenditure			413	1,342
Capital expenditure			22	98
Total Commitments			435	1,440
21. Accruals				
Listed by economic classification	30 Days	30+ Days	Total	Total
Compensation of employees	19,514	-	19,514	19,785
Goods and services	16,410	455	16,865	26,743
Transfers and subsidies	21,780	-	21,780	19,543
Total accruals per economic classification	57,704	455	58,159	66,071
Listed by programme				
Administration			1,693	3,844
Public Finance and Budget Management			1,093	8,977
Asset and Liability Management			246	353
Financial Management and Systems			10,301	11,175
Financial Accounting and Reporting			1,084	1,234
Economic Policy and International Financial Relations			1,409	-
Civil and Military Pensions, Contributing to Funds and Other Benefits			42,333	40,488
Total accruals per programme economic classification			58,159	66,071
22. Employee benefits				
Leave entitlement			3,910	4,976
Thirteenth cheque			5,109	4,866
Performance awards			20,000	18,131
Capped leave commitments			13,326	12,889
Total employee benefits			42,345	40,862



NATIONAL TREASURY VOTE 8

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

		2007/08 R'000	2006/07 R'000
23. Lease commitments (Finance)			
	Machinery and equipment	Total	Total
2007/2008			
Not later than 1 year	311	311	-
Later than 1 year and not later than 5 years	1,465	1,465	-
Total present value of lease liabilities	1,776	1,776	-
2006/2007			
Not later than 1 year	966	966	-
Later than 1 year and not later than 5 years	2455	2455	-
Total present value of lease liabilities	3,421	3,421	-
24. Receivables for departmental revenue			
Sales of goods and services other than capital assets		3,599	-
Interest, dividends and rent on land		389,317	348,559
Financial transactions in assets and liabilities		930	4,364
Total receivables for departmental revenue		393,846	352,923
25. Irregular expenditure			
25.1 Reconciliation of irregular expenditure			
Opening balance		176	176
Irregular expenditure awaiting condonement		176	176
Analysis of awaiting condonement per classification			
Current expenditure		176	176
Analysis of awaiting condonement per age classification			
Prior years		176	176
25.2 Irregular expenditure details			
Incident	Disciplinary steps taken		
Payment to WEFA	None- awaiting condonement	41	41
Payment to Deloitte & Touche	None- awaiting condonement	36	36
Payment to New Africa	None- awaiting condonement	99	99
Total irregular expenditure details		176	176
26. Key management personnel	No. of Individuals		
Political office bearers (provide detail below)	2	2,164	1,950
Officials		47,143	37,524
Level 15 to 16	14	13,434	10,303
Level 14	53	33,709	27,221
Total key management personnel		49,307	39,474



NATIONAL TREASURY VOTE 8

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

27. Provisions	Note	2007/08	2006/07
		R'000	R'000
Potential irrecoverable debts	27.1	4,387	1,508
Other provisions	27.2	510,698	512,391
Total provisions and write offs		515,085	513,899
27.1 Potential irrecoverable debts			
Households and non-profit institutions		4,277	1,134
Staff debtors		9	89
Other debtors		101	285
Total potential irrecoverable debts		4,387	1,508
27.2 Other provisions			
Special pensions		503,179	479,194
Military pensions		137	62
Injury on duty		106	33,135
Total other provisions		503,422	512,391

28. Tangible Capital Assets

28.1 Movement in tangible capital assets per asset register for the year ended 31 March 2008

Description	Opening	Current Year		Disposals	Closing
	balance	Adjustments	to prior year		Balance
	Cost	Cost	Cost		Cost
	R'000	R'000	R'000	R'000	R'000
Transport assets	2,775		1,237	-	3,221
Computer equipment	32,258	(4,666)	12,030	-	49,278
Furniture and office equipment	32,241	(2,276)	3,570	43	34,263
Other machinery and equipment	4,210	(1,059)	795	-	4,983
Total tangible asset movements	82,071	(8,001)	17,632	43	91,745

28.2 Additions to tangible capital assets per asset register for the year ended 31 March 2008

Description	Cash	Non-cash	Received	Total
			current, not	
			paid	
	Cost	Fair Value/R1	Cost	Cost
	R'000	R'000	R'000	R'000
Transport assets	1,177	60	-	1,237
Computer equipment	10,476	1,554	-	12,030
Furniture and office equipment	720	2,850	-	3,570
Other machinery and equipment	665	130	-	795
Total tangible capital asset additions	13,038	4,594	-	17,632



NATIONAL TREASURY VOTE 8

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

28.3 Disposals of tangible capital assets per asset register for the year ended 31 March 2008

Description	Sold for cash	Transfer out or destroyed or scrapped (cost)	Total	Cash received
	(cost) R'000	R'000	disposals R'000	actual R'000
Furniture and office equipment	-	43	43	
Total tangible capital asset disposal	-	43	43	-

28.4 Movement in tangible capital assets per asset register for the year ended 31 March 2008

Description	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Transport assets	1,177	-	60	1,237
Computer equipment	10,476	-	1,554	12,030
Furniture and office equipment	720	-	2,850	3,570
Other machinery and equipment	665	-	130	795
Total tangible asset movements	13,038	-	4,594	17,632

NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS (INFRASTRUCTURE) PAID TO PROVINCES

Province	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by province R'000	Amount spent by province R'000		% of available funds spent by province %
Eastern Cape	1,123,343	-	-	1,123,343	1,123,343	100.0	1,123,343	970,812	86.4	742,057
Free State	509,978	-	-	509,978	509,978	100.0	509,978	508,523	99.7	294,034
Gauteng	524,238	-	-	524,238	524,238	100.0	524,238	504,290	96.2	685,078
Kwa Zulu Natal	1,298,792	-	-	1,298,792	1,298,792	100.0	1,298,792	1,298,792	100.0	870,486
Limpopo	918,470	-	-	918,470	918,470	100.0	918,148	918,148	100.0	948,346
Mpumalanga	519,929	-	-	519,929	382,148	73.5	382,148	277,367	72.6	353,702
Northern Cape	351,318	-	-	351,318	351,318	100.0	351,318	338,709	96.4	243,707
North West	756,113	-	-	756,113	756,113	100.0	756,113	501,478	66.3	424,454
Western Cape	411,844	-	-	411,844	411,844	100.0	411,844	411,844	100.0	421,625
Total conditional grants to provinces	6,414,025	-	-	6,414,025	6,276,244		6,276,244	5,729,963		4,983,498



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	
I Kaji' Garib	500	-	-	500	500	100.0	500	418	83.6
IYkheis	500	-	-	500	500	100.0	500	90	18.0
//Khara Hais	500	-	-	500	500	100.0	500	160	32.0
Abaqulusi	250	-	-	250	250	100.0	250	88	35.2
Aganang	500	-	-	500	500	100.0	500	482	96.4
Albert Luthuli	500	-	-	500	500	100.0	500	431	86.2
Alfred Nzo	500	-	-	500	500	100.0	500	500	100.0
Amahlathi	500	-	-	500	500	100.0	500	500	100.0
Amajuba	500	-	-	500	500	100.0	500	500	100.0
Amatole	500	-	-	500	500	100.0	500	500	100.0
Ba-Phalaborwa	500	-	-	500	500	100.0	500	449	89.8
Baviaans	500	-	-	500	500	100.0	500	500	100.0
Beaufort West	250	-	-	250	250	100.0	250	250	100.0
Bela-Bela	500	-	-	500	500	100.0	500	500	100.0
Bergrievier	500	-	-	500	500	100.0	500	500	100.0
Bitou	250	-	-	250	250	100.0	250	250	100.0
Blouberg	500	-	-	500	500	100.0	500	331	66.2
Blue Crane Route	500	-	-	500	500	100.0	500	500	100.0
Bojanala Platinum	250	-	-	250	250	100.0	250	250	100.0
Sub total carried forward	8,500	-	-	8,500	8,500		8,500	7,199	9,500



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Sub total brought forward	8,500	-	-	8,500	8,500		8,500	7,199		9500
Bophirima	500	-	-	500	500	100.0	500	433	86.6	500
Breede Rivier Wineands	500	-	-	500	500	100.0	500	158	31.6	500
Breede Valley	250	-	-	250	250	100.0	250	250	100.0	500
Buffalo City	500	-	-	500	500	100.0	500	500	100.0	500
Bushbuckridge	250	-	-	250	250	100.0	250	250	100.0	500
Cacadu	500	-	-	500	500	100.0	500	250	50.0	500
Camdeboo	500	-	-	500	500	100.0	500	250	50.0	500
Cape Agulhas	500	-	-	500	500	100.0	500	132	26.4	500
Cape Town	500	-	-	500	500	100.0	500	322	64.4	500
Cape Wineands	500	-	-	500	500	100.0	500	297	59.4	500
Capricorn	500	-	-	500	500	100.0	500	500	100.0	1,000
Cederberg	500	-	-	500	500	100.0	500	500	100.0	500
Central	500	-	-	500	500	100.0	500	369	73.8	500
Central Karoo	250	-	-	250	250	100.0	250	434	86.8	500
Chris Hani	500	-	-	500	500	100.0	500	250	100.0	500
Dannhauser	500	-	-	500	500	100.0	500	302	60.4	500
Delmas	500	-	-	500	500	100.0	500	114	34.8	500
Dihlabeng	500	-	-	500	500	100.0	500	500	100.0	500
Dikgatlong	500	-	-	500	500	100.0	500	500	100.0	500
Sub total carried forward	17,250	-	-	17,250	17,250	100.0	17,250	13,590	66.0	19,500



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	
Sub total brought forward	17,250	-	-	17,250	17,250	100.0	17,250	13,590	19,500
Dipaleseng	500	-	-	500	500	100.0	500	144	500
Ditsobotla	1,000	-	-	1,000	1,000	100.0	1,000	375	500
Dr JS Moroka	500	-	-	500	500	100.0	500	317	500
Drakenstein	250	-	-	250	250	100.0	250	250	500
Eden	500	-	-	500	500	100.0	500	500	750
Edumbe	500	-	-	500	500	100.0	500	481	500
Ehlanzeni	500	-	-	500	500	100.0	500	500	500
Ekurhuleni Metro	500	-	-	500	500	100.0	500	500	500
Elundini	500	-	-	500	500	100.0	500	500	500
Emadlangeni	250	-	-	250	250	100.0	250	250	-
Emakhazeni	1,500	-	-	1,500	1,500	100.0	1,500	1,243	500
Emalahleni (Eastern Cape)	250	-	-	250	250	100.0	250	250	500
Emalahleni (Mpumalanga)	1,500	-	-	1,500	1,500	100.0	1,500	200	500
Emfuleni	500	-	-	500	500	100.0	500	500	500
Emnambithi (Ladysmith)	500	-	-	500	500	100.0	500	292	500
Emthanjeni	500	-	-	500	500	100.0	500	408	500
Endumeni	500	-	-	500	500	100.0	500	500	500
Engcobo	1,500	-	-	1,500	1,500	100.0	1,500	385	500
Ethekwini	500	-	-	500	500	100.0	500	500	500
Sub total carried forward	29,500	-	-	29,500	29,500	100.0	29,500	21,685	28,750



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Sub total brought forward	39,000	-	-	39,000	39,000		39,000	28,317		38,750
Hantam	500	-	-	500	500	100.0	500	500	100.0	500
Hessequa	500	-	-	500	500	100.0	500	352	70.4	500
Hibiscus Coast	500	-	-	500	500	100.0	500	500	100.0	500
Ilabisa	500	-	-	500	500	100.0	500	323	64.6	500
Ikwezi	500	-	-	500	500	100.0	500	453	90.6	500
iLembe	500	-	-	500	500	100.0	500	168	33.6	500
Imbabazane	500	-	-	500	500	100.0	500	399	79.8	500
Impendle	250	-	-	250	250	100.0	250	250	100.0	500
Indaka	250	-	-	250	250	100.0	250	250	100.0	500
Ingwe	500	-	-	500	500	100.0	500	256	51.2	500
Inkwanca	250	-	-	250	250	100.0	250	250	100.0	500
Intsika Yethu	250	-	-	250	250	100.0	250	250	100.0	500
Inxuba YeThemba	500	-	-	500	500	100.0	500	500	100.0	500
Johannesburg	500	-	-	500	500	100.0	500	500	100.0	500
Jozini	500	-	-	500	500	100.0	500	305	61.0	500
Kagisano	500	-	-	500	500	100.0	500	153	30.6	500
Kamiesberg	500	-	-	500	500	100.0	500	242	48.4	500
Kannaland	500	-	-	500	500	100.0	500	146	29.2	500
Kareeberg	500	-	-	500	500	100.0	500	437	87.4	500
Sub total carried forward	47,500	-	-	47,500	47,500		47,500	34,551		48,250



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Sub total brought forward	47,500	-	-	47,500	47,500	100.0	47,500	34,551	48,250	
Karoo	500	-	-	500	500	100.0	500	500	500	
Karoo Hoogland	500	-	-	500	500	100.0	500	500	500	
Kgalagadi	500	-	-	500	500	100.0	500	418	500	
Kgatelopele	500	-	-	500	500	100.0	500	174	500	
Kgetlengrivier	2,000	-	-	2,000	2,000	100.0	2,000	1,565	500	
Khai-Ma	500	-	-	500	500	100.0	500	358	500	
King Sabata Dalindyebo	500	-	-	500	500	100.0	500	500	500	
Knysna	500	-	-	500	500	100.0	500	435	500	
Kopanong	500	-	-	500	500	100.0	500	500	500	
Kouga	500	-	-	500	500	100.0	500	500	500	
Koukamma	500	-	-	500	500	100.0	500	195	500	
Kungwini	500	-	-	500	500	100.0	500	75	500	
Kwa Sani	500	-	-	500	500	100.0	500	488	500	
Kwa Dukuza	500	-	-	500	500	100.0	500	456	500	
Langsburg	250	-	-	250	250	100.0	250	250	500	
Lejweleputswa	500	-	-	500	500	100.0	500	261	500	
Lekwa	500	-	-	500	500	100.0	500	379	500	
Lekwa-Teemane	250	-	-	250	250	100.0	250	250	500	
Lepelle-Nkumpi	500	-	-	500	500	100.0	500	446	500	
Sub total carried forward	58,000	-	-	58,000	58,000		58,000	42,801	57,750	



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Sub total brought forward	58,000	-	-	58,000	58,000		58,000	42,801		57,750
Lephalale	500	-	-	500	500	100.0	500	500	100.0	500
Lesedi	500	-	-	500	500	100.0	500	314	62.8	500
Letsemeng	500	-	-	500	500	100.0	500	500	100.0	500
Lukhanji	750	-	-	750	750	100.0	750	750	100.0	750
M Elias Motsoaledi (Greater Groblersdal)	500	-	-	500	500	100.0	500	500	100.0	500
Madibeng	250	-	-	250	250	100.0	250	250	100.0	500
Mafikeng	500	-	-	500	500	100.0	500	500	100.0	500
Mafube	500	-	-	500	500	100.0	500	496	99.2	500
Magareng	500	-	-	500	500	100.0	500	88	17.6	500
Makana	500	-	-	500	500	100.0	500	444	88.8	750
Makhado	500	-	-	500	500	100.0	500	500	100.0	500
Makhudutamaga	500	-	-	500	500	100.0	500	58	11.6	500
Maletswai	1,500	-	-	1,500	1,500	100.0	1,500	867	57.8	500
Matlosana (Klerksdorp)	500	-	-	500	500	100.0	500	500	100.0	500
Maluti-A-Phofung	500	-	-	500	500	100.0	500	500	100.0	500
Mamusa	500	-	-	500	500	100.0	500	118	24.0	500
Mandeni	500	-	-	500	500	100.0	500	500	100.0	-
Mangaung	500	-	-	500	500	100.0	500	500	100.0	500
Mantsopa	500	-	-	500	500	100.0	500	463	92.6	500
Sub total carried forward	68,500	-	-	68,500	68,500		68,500	51,149		67,250



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent		2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000		Amount spent by municipality R'000
Sub total brought forward	68,500	-	-	68,500	68,500	100.0	68,500	51,149	67,250
Maphumulo	500	-	-	500	500	100.0	500	207	500
Maquassi Hill	1,000	-	-	1,000	1,000	100.0	1,000	248	500
Maruleng	500	-	-	500	500	100.0	500	113	500
Masilonyana	500	-	-	500	500	100.0	500	433	750
Matatiele	500	-	-	500	500	100.0	500	500	500
Matjhabeng	500	-	-	500	500	100.0	500	500	500
Matzikama	500	-	-	500	500	100.0	500	500	500
Mbashe	500	-	-	500	500	100.0	500	500	500
Mbizana	250	-	-	250	250	100.0	250	250	500
Mbombela	500	-	-	500	500	100.0	500	500	500
Mbonambi	500	-	-	500	500	100.0	500	500	500
Merafong City	500	-	-	500	500	100.0	500	146	500
Metsimaholo	500	-	-	500	500	100.0	500	116	500
Metsweding	500	-	-	500	500	100.0	500	469	500
Mhlonlo	500	-	-	500	500	100.0	500	386	500
Midvaal	500	-	-	500	500	100.0	500	220	500
Mier	500	-	-	500	500	100.0	500	319	500
Mkhambathini	500	-	-	500	500	100.0	500	130	500
Mkhondo	500	-	-	500	500	100.0	500	221	500
Sub total carried forward	78,250	-	-	78,250	78,250	100.0	78,250	57,407	77,000



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Sub total brought forward	78,250	-	-	78,250	78,250		78,250	57,404		77,000
Minquma	500	-	-	500	500	100.0	500	500	100.0	500
Modimolle	500	-	-	500	500	100.0	500	328	65.6	500
Mogalakwena	500	-	-	500	500	100.0	500	276	55.2	500
Mogale City	500	-	-	500	500	100.0	500	312	62.4	500
Mohokare	500	-	-	500	500	100.0	500	500	100.0	500
Molemole	500	-	-	500	500	100.0	500	48	9.6	500
Molopo	500	-	-	500	500	100.0	500	205	41.0	500
Mooi Mpošana	500	-	-	500	500	100.0	500	51	10.2	500
Mookgopong	500	-	-	500	500	100.0	500	280	56.0	500
Mopani	500	-	-	500	500	100.0	500	489	97.8	500
Moghaka	500	-	-	500	500	100.0	500	500	100.0	500
Moretele	250	-	-	250	250	100.0	250	250	100.0	500
Moses Kotane	250	-	-	250	250	100.0	250	250	100.0	500
Moshaweng	500	-	-	500	500	100.0	500	354	70.8	500
Mossel Bay	500	-	-	500	500	100.0	500	500	100.0	500
Motheo	500	-	-	500	500	100.0	500	343	68.6	750
Misinga	500	-	-	500	500	100.0	500	257	51.4	500
Misukaligwa	500	-	-	500	500	100.0	500	8	1.6	500
Misunduzi	500	-	-	500	500	100.0	500	500	100.0	500
Sub total carried forward	87,250	-	-	87,250	87,250		87,250	63,355		86,750



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

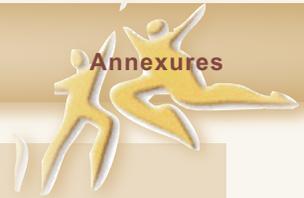
Municipality	Grant allocation				Transfer		Spent			2006/07 Actual Transfer R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	
Sub total brought forward	87,250	-	-	87,250	87,250		87,250	63,355		86,750
Mthonjaneni	500	-	-	500	500	100.0	500	233	46.6	500
Mtubatuba	250	-	-	250	250	100.0	250	74	29.6	500
Musina	500	-	-	500	500	100.0	500	500	100.0	500
Mutale	500	-	-	500	500	100.0	500	154	30.8	500
Nala	500	-	-	500	500	100.0	500	500	100.0	750
Naledi (Free State)	500	-	-	500	500	100.0	500	500	100.0	500
Naledi (North West)	500	-	-	500	500	100.0	500	305	61.0	500
Nama Khoi	500	-	-	500	500	100.0	500	500	100.0	500
Namakwa	500	-	-	500	500	100.0	500	500	100.0	500
Ndlambe	1,500	-	-	1,500	1,500	100.0	1,500	312	20.8	500
Ndwedwe	500	-	-	500	500	100.0	500	27	5.4	500
Nelson Mandela Bay	500	-	-	500	500	100.0	500	500	100.0	1000
Newcastle	500	-	-	500	500	100.0	500	171	34.2	500
Ngqushwa	500	-	-	500	500	100.0	500	417	83.4	500
Ngwathe	500	-	-	500	500	100.0	500	500	100.0	500
Nkandla	500	-	-	500	500	100.0	500	500	100.0	500
Nkangala	500	-	-	500	500	100.0	500	213	42.6	500
Nketoana	500	-	-	500	500	100.0	500	105	21.0	750
Nkomazi	500	-	-	500	500	100.0	500	331	66.2	500
Sub total carried forward	97,500	-	-	97,500	97,500		97,500	69,697		97,250



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Sub total brought forward	97,500	-	-	97,500	97,500		97,500	69,697		97,250
Nkonkobe	500	-	-	500	500	100.0	500	500	100.0	750
Nokeng Tsa Taemane	500	-	-	500	500	100.0	500	500	100.0	500
Nongoma	500	-	-	500	500	100.0	500	420	84.0	500
Nquthu	250	-	-	250	250	100.0	250	250	100.0	500
Ntbankulu	500	-	-	500	500	100.0	500	500	100.0	500
Ntambanana	250	-	-	250	250	100.0	250	250	100.0	500
Nxuba	500	-	-	500	500	100.0	500	500	100.0	500
Nyandeni	500	-	-	500	500	100.0	500	500	100.0	500
O.R. Tambo	500	-	-	500	500	100.0	500	500	100.0	500
Okhahlamba	250	-	-	250	250	100.0	250	250	100.0	500
Oudtshoorn	500	-	-	500	500	100.0	500	500	100.0	500
Overberg	500	-	-	500	500	100.0	500	500	100.0	500
Overstrand	500	-	-	500	500	100.0	500	326	65.2	500
Phokwane	500	-	-	500	500	100.0	500	500	100.0	500
Phumelela	500	-	-	500	500	100.0	500	500	100.0	500
Polokwane	500	-	-	500	500	100.0	500	462	90.4	500
Port St John	500	-	-	500	500	100.0	500	500	100.0	500
Potchefstroom	2,000	-	-	2,000	2,000	100.0	2,000	2,000	100.0	500
Prince Albert	250	-	-	250	250	100.0	250	250	100.0	500
Sub total carried forward	107,500	-	-	107,500	107,500		107,500	79,395		107,000



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Sub total brought forward	107,500	-	-	107,500	107,500		107,500	79,395		107,000
Gaukeni	250	-	-	250	250	100.0	250	250	100.0	500
Ramontshere Moiloa	1,000	-	-	1,000	1,000	100.0	1,000	1,000	100.0	1500
Randfontein	500	-	-	500	500	100.0	500	500	100.0	500
Ratlou	2,000	-	-	2,000	2,000	100.0	2,000	1,250	62.5	500
Renosterberg	500	-	-	500	500	100.0	500	14	2.8	500
Richmond	250	-	-	250	250	100.0	250	215	86.0	500
Richtersveld	500	-	-	500	500	100.0	500	500	100.0	500
Rustenburg	250	-	-	250	250	100.0	250	167	66.8	500
Sakhisizwe	500	-	-	500	500	100.0	500	135	27.0	500
Saldanha Bay	250	-	-	250	250	100.0	250	250	100.0	500
Sedibeng	500	-	-	500	500	100.0	250	250	50.0	500
Pixleykaseme (Seme)	250	-	-	250	250	100.0	250	59	23.6	500
Senqu	250	-	-	250	250	100.0	250	250	100.0	500
Setsofo	500	-	-	500	500	100.0	500	111	22.2	500
Sisonke	500	-	-	500	500	100.0	500	230	46.0	500
Siyancuma	500	-	-	500	500	100.0	500	337	67.4	500
Siyanda	500	-	-	500	500	100.0	500	500	100.0	500
Siyathemba	500	-	-	500	500	100.0	500	500	100.0	500
Sol Plaatje	500	-	-	500	500	100.0	500	500	100.0	500
Sub total carried forward	117,500	-	-	117,500	117,500		117,500	86,187		117,500



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Sub total brought forward	117,500	-	-	117,500	117,500		117,500	86,187		117,500
Southern District	500	-	-	500	500	100.0	500	500	100.0	500
Stellenbosch	250	-	-	250	250	100.0	250	250	100.0	500
Steve Tshwete	500	-	-	500	500	100.0	500	421	84.2	500
Sunday's River Valley	1,500	-	-	1,500	1,500	100.0	1,500	494	32.9	500
Swartland	250	-	-	250	250	100.0	250	250	100.0	500
Swellendam	500	-	-	500	500	100.0	500	292	54.4	500
Thaba Chweu	250	-	-	250	250	100.0	250	250	100.0	500
Thabazimbi	500	-	-	500	500	100.0	500	36	7.2	500
Thabo Mofutsanyana	500	-	-	500	500	100.0	500	384	63.6	750
The Big 5 False Bay	500	-	-	500	500	100.0	500	282	56.4	500
Theewaterskloof	500	-	-	500	500	100.0	500	500	100.0	500
Thembelihle	500	-	-	500	500	100.0	500	111	22.2	500
Thembisile	1,000	-	-	1,000	1,000	100.0	1,000	601	60.1	500
Thulamela	500	-	-	500	500	100.0	500	500	100.0	500
Tokologo	500	-	-	500	500	100.0	500	399	79.8	500
Tsantsabane	500	-	-	500	500	100.0	500	447	89.4	500
Tshwane	500	-	-	500	500	100.0	500	299	59.8	500
Tsolwana	250	-	-	250	250	100.0	250	250	100.0	500
Tswaing	500	-	-	500	500	100.0	500	400	80.0	500
Sub total carried forward	127,500	-	-	127,500	127,500		127,500	92,797		127,250



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	
Sub total brought forward	127,500	-	-	127,500	127,500	100.0	127,500	92,797	127,250
Tswelopele	500	-	-	500	500	100.0	500	457	500
Ukhahlamba	250	-	-	250	250	100.0	250	166	500
Umlalazi	500	-	-	500	500	100.0	500	500	500
Umtshezi	500	-	-	500	500	100.0	500	374	500
Umgungundlovu	500	-	-	500	500	100.0	500	500	500
Umkhanyakude	500	-	-	500	500	100.0	500	333	500
Umvoti	500	-	-	500	500	100.0	500	500	500
Umtshwathi	500	-	-	500	500	100.0	500	160	500
Umtshezi	500	-	-	500	500	100.0	500	466	500
Umtshezi	500	-	-	500	500	100.0	500	500	500
Umtshezi	500	-	-	500	500	100.0	500	290	500
Umtshezi	500	-	-	500	500	100.0	500	500	500
Umtshezi	500	-	-	500	500	100.0	500	500	500
Umtshezi	500	-	-	500	500	100.0	500	233	500
Umtshezi	500	-	-	500	500	100.0	500	189	500
Umtshezi	500	-	-	500	500	100.0	500	329	500
Umtshezi	500	-	-	500	500	100.0	500	203	500
Umtshezi	500	-	-	500	500	100.0	500	500	500
Umtshezi	500	-	-	500	500	100.0	500	500	500
Sub total carried forward	136,750	-	-	136,750	136,750	100.0	145,250	99,580	136,750



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS (FINANCIAL MANAGEMENT) PAID TO MUNICIPALITIES (continued)

Municipality	Grant allocation			Transfer		Spent		2006/07 Actual Transfer R'000		
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000		Amount spent by municipality R'000	% of available funds spent by municipality %
Sub total brought forward	136,750	-	-	136,750	136,750	100.0	145,250	99,580	64.2	136,750
Umzimkhulu	500	-	-	500	500	100.0	500	321	64.2	500
Umzimvubu	500	-	-	500	500	100.0	500	206	41.2	500
Umzinyathi	500	-	-	500	500	100.0	500	358	71.6	500
Umzumbe	500	-	-	500	500	100.0	500	500	100.0	500
Uphongolo	500	-	-	500	500	100.0	500	69	13.8	500
Uthukela	500	-	-	500	500	100.0	500	483	96.6	500
Uthungulu	500	-	-	500	500	100.0	500	500	100.0	500
Ventersdorp	500	-	-	500	500	100.0	500	500	100.0	500
Vhembe	500	-	-	500	500	100.0	500	204	40.8	500
Vuylamehlo	500	-	-	500	500	100.0	500	223	44.6	500
Waterberg	500	-	-	500	500	100.0	500	419	83.8	500
West Coast	500	-	-	500	500	100.0	500	314	62.8	500
West Rand	500	-	-	500	500	100.0	500	500	100.0	500
Westonaria	500	-	-	500	500	100.0	500	497	99.4	500
Witzenberg	500	-	-	500	500	100.0	500	500	100.0	500
Xhariep	500	-	-	500	500	100.0	500	500	100.0	500
Zululand	500	-	-	500	500	100.0	500	500	100.0	500
Total conditional grants	145,250	-	-	145,250	145,250	100.0	153,750	106,174	100.0	145,250



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

Municipality	Grant allocation			Transfer		Spent			2006/07 Actual Transfer R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Buffalo City	-	-	-	-	-	-	-	-	-	35,000
Cape Town	180,000	-	-	180,000	180,000	100.0	180,000	78,300	43.5	25,000
Ermfuleni	-	-	-	-	-	-	-	-	-	70,000
Ethekwini	100,000	-	-	100,000	100,000	100.0	100,000	100,000	100.0	75,000
Mangaung	-	-	-	-	-	-	-	-	-	10,000
Nelson Mandela Bay	100,000	-	-	100,000	100,000	100.0	100,000	100,000	100.0	25,000
Tshwane	150,000	-	-	150,000	150,000	100.0	150,000	113,000	75.3	25,000
Total conditional grants to municipalities	530,000	-	-	530,000	530,000		530,000	391,300		265,000



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1D
STATEMENT OF IN KIND CONDITIONAL GRANTS TO MUNICIPALITIES

Institution	Grant allocation				Transfer		2006/07 Actual Transfer R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
	Neighbourhood Development Partnership Grant	295,000	-	295,000	295,000	41,242	
Total in kind conditional grants to institutions	295,000	-	295,000	295,000	41,242		50,000



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1E
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

Municipality	Grant allocation			Transfer		2006/07 Actual Transfer R'000
	Amount R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Tshwane regional council levy	-	-	-	-	-	205
Total unconditional grants and transfer to municipalities	-	-	-	-	-	205



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1F
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Departmental agency or account	Transfer allocation				Transfer		2006/07 Actual Transfer R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	
Accounting Standards Board	6,243	-	-	6,243	6,243	100.0	4,759
Audit Statutory Bodies	23,802	-	-	23,802	23,800	100.0	11,854
Financial and Fiscal Commission	20,178	-	7,319	27,497	27,497	100.0	21,705
Financial Intelligence Centre	42,480	-	-	42,480	42,480	100.0	-
Project Development Facility	6,000	-	-	6,000	6,000	100.0	6,000
Secret Services Account	2,584,240	-	-	2,584,240	2,584,240	100.0	2,223,086
Finance, Accounting, Management Consulting and other Financial Services (FASSET)	270	-	-	270	243	90.0	206
South African Revenue Service	5,511,031	-	-	5,511,031	5,511,031	100.0	4,874,591
Independent Regulatory Board for Auditors	17,095	-	-	17,095	17,095	100.0	10,881
Total departmental agencies and accounts	8,211,339	-	7,319	8,218,658	8,218,629		7,153,082



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1G
STATEMENT OF TRANSFERS TO UNIVERSITIES

University	Transfer allocation				Transfer		2006/07 Actual Transfer R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Amount not transferred R'000	
University of Cape Town ⁵	5,000	-	-	5,000	2,000	3,000	40.0
University of Pretoria	-	-	285	285	285	-	100.0
Total transfers to universities	5,000	-	285	5,285	2,285	3,000	3,500

⁵ This is a grant to Economic Research South Africa (ERSA) to fund local economic research at South African universities and research institutions. The University of Cape Town administers on behalf of ERSA.



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1H
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANISATIONS

	Transfer allocation				Total Available R'000	Expenditure		2006/07 Actual Transfer R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Actual Transfer R'000		Actual Transfer R'000	% of Available funds Transferred %	
Foreign governments / international organisations								
African Development Bank	90,786	-	-	76,945	90,786	84.8	104,939	
Commonwealth Fund for Technical Cooperation	3,369	-	65	3,434	3,434	100.0	2,585	
Lesotho, Namibia and Swaziland	327,402	-	-	320,597	327,402	97.9	282,755	
United Kingdom Tax	3,428	-	-	2,075	3,428	60.5	1,688	
World Bank Group (IDA) ⁶	48,814	-	37,828	86,641	86,642	100.0	121,760	
Global Alliance for Vaccines and Immunisation ⁷	7,500	-	-	7,363	7,500	98.2	7,219	
Investment Climate Facility	7,800	-	-	6,765	7,800	86.7	-	
Regional Integration	5,000	-	-	-	5,000	-	-	
Financial and Technical Support	100,000	-	-	-	100,000	-	-	
Total foreign governments / international organisations	594,099	-	37,893	503,820	631,992		521,219	

⁶ This was for commitment for the replenishment cycle of the International Development Association (IDA) 13 and 14.

⁷ South Africa has committed to contribute US\$ 1 million per year, to the International Finance Facility for Immunisation (IFFIM) through GAVI. The R7 million is the second contribution.



NATIONAL TREASURY VOTE 8

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

ANNEXURE 11 STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Public corporation / private enterprise	Transfer allocation				Expenditure			2006/07	
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred	Capital R'000	Current R'000	Actual Transfer R'000
Development Bank of Southern Africa (Siyenza Manje)	225,187	-	-	225,187	168,890	75.0	-	168,890	258,308
Development Bank of Southern Africa (Financial Management Grant)	53,407	-	-	53,407	53,407	100.0	-	53,407	53,407
Centre for Development and Enterprise	-	-	-	-	-	-	-	-	500
Insurance (departmental vehicles)	73	-	-	73	65	89.0	-	65	24
Total public corporation / private enterprise	278,667	-	-	278,667	222,362		-	222,362	312,239



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1J
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	Transfer allocation				Total Available R'000	Expenditure		2006/07 Actual Transfer R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000			Actual Transfer R'000	% of Available funds Transferred %	
Non-profit institution	65	-	62		127		62	62
SA Legion	65	-	62		127	100.0	127	62
Total transfers to non-profit institutions	65	-	62		127		127	62



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1K
STATEMENT OF TRANSFERS TO HOUSEHOLDS

Households	Transfer allocation				Total Available R'000	Expenditure		2006/07 Actual Transfer R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000			Actual Transfer R'000	% of Available funds Transferred %	
Injury on duty	319,860	-	17,491	-	337,351	337,351	100.0	294,265
Special pensions	314,743	-	(17,491)	-	297,252	246,443	82.9	282,402
SA citizen force	89,040	-	2,413	-	91,453	91,453	100.0	87,735
Other benefits ⁸	99,846	-	(1,240)	-	98,606	95,925	97.3	89,177
Medical aid ex-services	50,237	-	-	-	50,237	39,008	77.6	40,644
Social assistance (bursaries)	600	-	(123)	-	477	476	99.8	791
Total transfers to households	874,326	-	1,050	-	875,376	810,656		795,014

⁸ Includes political office bearers, military pensions ex-service men etc



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2008

ANNEXURE 1L
STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED IN CASH

Name of donor	Purpose	Opening balance R'000	Revenue R'000	Expenditure R'000	Closing balance R'000
Local aid received					
Department of Health	Promotion of departmental HIV and AIDS awareness programmes	22	-	-	-
Total local aid received		22	-	-	-
Foreign aid received					
European Union - International Development Cooperation Support Programme	Strengthening Government's capacity in coordinating and managing donor assistance to South Africa, in line with South Africa's development priorities	9	42	28	23
Japan - Japan Development Corporation Information System	To establish and operationalise a management information system for development assistance to South Africa	73	-	22	51
European Union - Technical Assistance Unit	TAU is a support facility within National Treasury that provides technical and management support to programmes and projects in government institutions through the application of relevant expertise and knowledge management to improve the quality of spend in the public sector	(996)	-	-	(996)
Swedish International Development Agency (SIDA) - Collaborative African Budget Reform Initiative	Financing of the Annual Budget Reform Seminar	229	349	570	8
Ireland - Collaborative African Budget Reform Initiative	Financing of the Annual Budget Reform Seminar	131	1,624	778	977
European Union - European Programme for Reconstruction and Development Support Facility (EPRD)	Provides the necessary funds and organisational infrastructure to accelerate the realisation of projects and programmes via the contracting of expertise for the rapid execution of high quality programme preparation, research, studies, audit, monitoring and evaluation relating to all aspects of the EPRD (covering both Government and non-government organisations) and its linkages to the Trade and Development Cooperation Agreement and Colonou Agreement	183	75	106	152
Official Development Assistance (ODA)	Contribute towards enhanced capacity development and promote economic development, good governance and social progress and rising living standards	-	2,077	770	1,307
Capacity Building Technical Assistance Facility (CBTAF)	Contribute to improved service delivery for poor and vulnerable populations in South African Government Programme of Action	-	8,638	9,180	(542)
Total foreign aid assistance received in cash		(371)	12,805	11,454	1,002



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1M
STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED IN KIND

Name of donor	Purpose	2007/08 R'000	2006/07 R'000
Foreign aid received in kind			
Department for International Development (DFID)	Support for the implementation of Municipal Finance Management Act (MFMA)	3,519	3,519
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Technical Advisor to support the implementation of Municipal Finance Management Act (MFMA)	3,355	3,355
United Nations Development Programme (UNDP) (Sustainable Human Development Facility)	Technical Assistance to the International Development Cooperation (IDC) Support Programme	360	720
Public Private Partnership Infrastructure Advisory Facility	Funding of Municipal Guidelines Consultants	2,839	2,839
United States Agency for International Development	Rural land studies	1,262	1,262
United States Agency for International Development	Primary school nutrition survey	988	988
United States Agency for International Development	Black Economic Empowerment Review	130	130
United States Agency for International Development	Housing tax Incentives	185	185
United States Agency for International Development	Computable General Equilibrium (CGE) Model workshop with the University of Cape Town	113	113
United States Agency for International Development	Strengthening the Impact of Pro Poor policy (SIPP) reference panel	78	78
United States Agency for International Development	Labour markets, vulnerability and social protection (PLAAS)	525	525
United States Agency for International Development	Economic advisors (Flatters)	365	365
United States Agency for International Development	Research	300	300
United States Agency for International Development	Limited scope grant agreement	377	954
Total local and foreign aid assistance received in kind		14,396	15,333



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 1N
STATEMENT OF GIFTS AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2008

Nature of gifts	2007/08	2006/07
	R'000	R'000
Corporate / departmental gifts granted to employees and others (in kind)	122	36
Total gifts granted	122	36



NATIONAL TREASURY VOTE 8

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

ANNEXURE 2A STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2008

Name of entity	Schedule type	% Held 07/08	% Held 06/07	Number of shares held		Cost of investment R'000		Net asset value of investment R'000		Profit / (Loss) for the year R'000		Losses guaranteed Yes/No
				2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	
Accounting Standards Board	Schedule 3A	-	-	-	-	-	418	462	(44)	(5)	No	
Development Bank of Southern Africa	Schedule 2	100	100	200,000	200,000	200,000	15,790,425	14,538,231	1,278,847	1,282,772	No	
Financial Intelligence Centre	Schedule 3A	-	-	-	-	-	31,623	32,521	(898)	(35,374)	No	
Financial Services Board	Schedule 3A	-	-	-	-	-	186,852	151,948	40,314	43,849	No	
Independent Regulatory Board for Auditors	Schedule 3A	-	-	-	-	-	13,218	9,576	3,642	3,525	No	
Public Investment Corporation Limited	Schedule 3B	100	100	100	100	-	265,959	115,664	154,067	18,881	No	
South African Revenue Service	Schedule 3A	-	-	-	-	-	1,794,148	1,534,815	124,310	197,736	No	
SASRIA Limited	Schedule 3B	100	100	1	1	-	2,500,000	1,800,000	300,000	250,000	Yes	
Social Responsibility Investment Portfolio ⁹ (31 December)	Not applicable	1	-	-	-	-	2,444,900	2,185,537	-	-	No	
Total investments							200,000	200,000	23,027,543	20,368,754	1,900,238	1,761,384

The figures / amounts disclosed in this schedule are preliminary figures and are unaudited

⁹ The value of the investments at the end of February 2001 as per the agreement signed with Government amounted to R844,8 million.



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2008

ANNEXURE 2B
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2008

Name of entity	Nature of business	Cost of investment		Net asset value of investment		Amounts owing to entities		Amounts owing by entities	
		R'000	2006/07	R'000	2006/07	R'000	2007/08	R'000	2006/07
Accounting Standards Board	Determine standards of generally recognised accounting practice	-	-	418	462	-	-	-	-
Development Bank of Southern Africa	Promote, facilitate and by funding mobilise socio-economic development in Southern Africa, while promoting efficiency, fairness, transparency and responsibility	200,000	200,000	15,790,425	14,538,231	-	-	-	-
Financial Intelligence Centre	To assist in the identification of the proceeds of unlawful activities and the combating of money laundering activities	-	-	31,623	32,521	-	-	-	-
Financial Services Board	Supervise compliance with laws regulating financial institutions and the matters connected therewith	-	-	186,852	151,948	-	-	-	-
Policy Board for Financial Services and Regulations	Advise the Minister on policy matters relating to financial services and financial regulation	-	-	-	-	-	-	-	-
Independent Regulatory Board for Auditors	Registration of public accountants and auditors and for the regulation of the training of public accountants and auditors	-	-	13,218	9,576	-	-	-	-
Public Investment Corporation Limited	Invests funds on behalf of the South African public sector	-	-	265,959	115,664	-	-	-	-
South African Revenue Service	Efficient and effective collection of revenue	-	-	1,794,148	1,534,815	-	-	-	-
Sub total carried forward		200,000	200,000	18,082,643	16,383,217	-	-	-	-



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 2B
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2008

Name of entity	Nature of business	Cost of investment		Net asset value of investment		Amounts owing to entities		Amounts owing by entities			
		R'000	2006/07	2007/08	R'000	2006/07	2007/08	R'000	2006/07	2007/08	2006/07
Sub total brought forward			200,000	18,082,643	16,383,217	-	-	-	-	-	-
SASRIA Limited	Short-term insurance	-	-	2,500,000	1,800,000	-	-	-	-	-	-
Social Responsibility Investment Portfolio ¹⁰	To facilitate black economic empowerment transactions and redress the inequalities of the past	-	-	2,444,900	2,185,537	-	-	-	-	-	-
Total investments		200,000	200,000	23,027,543	20,368,754	-	-	-	-	-	-

The figures / amounts disclosed in this schedule are preliminary figures and are unaudited

¹⁰ The value of the investments at the end of February 2001 as per the agreement signed with Government amounted to R845 million.



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2007 R'000	Guarantees draw downs during the year R'000	Guarantees repayments / cancelled / reduced / released during the year R'000	Revaluations R'000	Closing balance 31 March 2008 R'000	Guaranteed interest for year ended 31 March 2008 R'000
Motor vehicles								
Standard Bank Vehicle Finance	Employees ¹¹	749	661	-	153	-	508	-
Total motor vehicle guarantees		749	661	-	153	-	508	-
Housing								
ABSA	Employees	116	116	-	46	-	70	-
First National Bank	Employees	132	96	36	-	-	132	-
Nedbank	Employees	185	149	36	73	-	112	-
Old Mutual	Employees	85	85	-	85	-	-	-
Standard Bank	Employees	123	72	51	-	-	123	-
Total housing guarantees		641	518	123	204	-	437	-

¹¹ An amount of R76 000 relating to a motor vehicle guarantee was written off due to becoming irrecoverable.



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – LOCAL (CONTINUED)

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2007	Guarantees draw downs during the year	Guarantees repayments / cancelled / reduced / released during the year	Revaluations	Closing balance 31 March 2008	Guaranteed interest for year ended 31 March 2008
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other local guarantees								
Development Bank of Southern Africa	Former Regional Authorities (former Ciskei)	114,406	22,749	-	9,378	-	13,371	6,269
Development Bank of Southern Africa	Former Regional Authorities (former Transkei)	139,459	5,748	-	3,273	-	2,475	76
Development Bank of Southern Africa	Former Regional Authorities (former KwaZulu-Natal)	226,676	385	-	92	-	293	28
Development Bank of Southern Africa	Former Regional Authorities (former Kangwane)	61,176	4,457	-	346	-	4,111	492
Development Bank of Southern Africa	Former Regional Authorities (Kwa-Ndebele)	55,989	16,610	-	-	-	16,610	4,283
Development bank of Southern Africa	Former Regional Authorities (former Bophuthatswana)	288,349	97,014	-	3,800	-	93,214	61,776
Development Bank of Southern Africa	Former Regional Authorities (former Venda)	98,526	10,415	-	2,594	-	7,821	772
South African Reserve Bank	Saambou Bank Ltd	7,876,262	763,155	78,578	-	-	841,733	-
Total other local guarantees		8,856,843	920,533	78,578	19,483	-	979,628	73,696
Total local guarantees		8,858,233	921,712	78,701	19,840	-	980,573	73,696



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2008

ANNEXURE 3A (continued)
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2007	Guarantees draw downs during the year	Guarantees repayments / cancelled / reduced / released during the year	Revaluations	Closing balance 31 March 2008	Guaranteed interest for year ended 31 March 2008
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Development Bank of Southern Africa	Chiao Tung Bank Co. Ltd	65,958	31,455	-	4,622	3,186	30,019	48
Development Bank of Southern Africa	Agence Francaise de Development	51,240	113,419	-	11,076	32,755	135,098	2,010
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	376,324	282,769	-	-	91,472	374,241	1,892
Development Bank of Southern Africa	African Development Bank	500,000	293,301	-	41,900	-	251,401	9,706
Development Bank of Southern Africa	African Development Bank	567,000	280,088	-	27,657	2,720	255,151	4,170
Development Bank of Southern Africa	Nordic Investment Bank	81,000	43,650	-	7,383	4,233	40,500	230
Development Bank of Southern Africa	Nordic Investment Bank	81,000	38,515	-	8,134	2,972	33,353	453
Development Bank of Southern Africa	Nordic Investment Bank	81,000	47,074	-	8,134	3,942	42,882	583
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	176,709	133,321	-	-	43,128	176,449	892
Development Bank of Southern Africa	European Investment Bank	200,000	200,000	-	-	-	200,000	15,458
Development Bank of Southern Africa	European Investment Bank	100,000	100,000	-	-	-	100,000	1,562
Development Bank of Southern Africa	European Investment Bank	100,000	100,000	-	-	-	100,000	11,979
Development Bank of Southern Africa	European Investment Bank	129,511	95,170	-	11,157	10,176	94,189	134
Development Bank of Southern Africa	European Investment Bank	405,000	286,602	-	43,200	30,115	273,517	389
Development Bank of Southern Africa	European Investment Bank	50,000	50,000	-	50,000	-	-	-
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	163,619	120,897	-	-	39,109	160,006	809
Development Bank of Southern Africa	Eurobonds	8,500,000	8,500,000	-	-	-	8,500,000	10,875
Development Bank of Southern Africa	European Investment Bank	648,000	454,238	-	23,964	50,188	480,462	602
Sub total carried forward		12,276,361	11,170,499	-	237,227	313,996	11,247,268	61,792



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 3A (continued)
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – FOREIGN

Guarantor institution	Guarantee in respect of		Original guaranteed capital amount R'000	Opening balance 1 April 2007 R'000	Guarantees draw downs during the year R'000	Guarantees repayments / cancelled / reduced / released during the year R'000	Revaluations R'000	Closing balance 31 March 2008 R'000	Guaranteed interest for year ended 31 March 2008 R'000
	Guarantee in respect of	Guarantee in respect of							
Sub total brought forward			12,276,361	11,170,499	-	237,227	313,996	11,247,268	61,792
Development Bank of Southern Africa	Agence Francaise de Development		219,533	55,292	-	26,573	7,870	36,589	544
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau		186,526	140,935	-	-	45,591	186,526	943
Development Bank of Southern Africa	African Development Bank		810,000	727,500	-	19,755	61,755	769,500	12,147
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau		160,460	-	76,494	-	21,891	98,385	503
Total foreign guarantees			13,652,880	12,094,226	76,494	283,555	451,103	12,338,268	75,929
Total financial guarantees			22,511,113	13,015,938	155,195	303,395	451,103	13,318,841	149,625



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2008

Nature of liability	Opening balance 01 April 2007 R'000	Liabilities incurred during the year R'000	Liabilities reduced during the year R'000	Liabilities recoverable R'000	Closing balance 31 March 2008 R'000
Claims against the department					
Tender related claims	670	-	-	-	670
Labour dispute	1,057	-	1,057	-	-
Total claims against the department	1,727	-	1,057	-	670
Other					
Outstanding life certificates	44,248	-	2,917	-	41,331
Total other liabilities	44,248	-	2,917	-	41,331
Total	45,975	-	3,974	-	42,001



NATIONAL TREASURY VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 March 2008

ANNEXURE 4
INTERGOVERNMENT RECEIVABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31 March 2008 R'000	31 March 2007 R'000	31 March 2008 R'000	31 March 2007 R'000	31 March 2008 R'000	31 March 2007 R'000
National departments	76	34	946	1,000	1,022	1,034
Eastern Cape	43	35	-	1	43	36
Gauteng	354	355	26	22	380	377
KwaZulu-Natal	264	963	-	-	264	963
Limpopo	-	-	30	-	30	-
Mpumalanga	-	58	-	-	-	58
Northern Cape	-	155	-	-	-	155
Western Cape	35	480	-	-	35	480
Foreign governments	-	-	1,080	2,051	1,080	2,051
Total intergovernmental receivables	722	2,080	2,082	3,074	2,854	5,154



PROJECT DEVELOPMENT FACILITY (PDF):

A TRADING ENTITY MANAGED BY THE PPP UNIT OF NATIONAL TREASURY

Annual Financial Statements

for the year ended 31 March 2008



NATIONAL
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Development
Facility



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REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE PROJECT DEVELOPMENT FACILITY for the year ended 31 March 2008

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the accompanying financial statements of the Project Development Facility which comprise the balance sheet as at 31 March 2008, income statement, statement of changes in net equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 184 to 197.

RESPONSIBILITY OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).
3. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

RESPONSIBILITY OF THE AUDITOR-GENERAL

4. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
5. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No.*



REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE PROJECT DEVELOPMENT FACILITY (CONTINUED) for the year ended 31 March 2008

31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
7. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Project Development Facility as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the PFMA.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements.



REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE PROJECT DEVELOPMENT FACILITY (CONTINUED) for the year ended 31 March 2008

Matters of governance

10. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The Project Development Facility had an audit committee in operation throughout the financial year.	X	
• The audit committee operates in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10	X	
Internal audit		
• The Project Development Facility had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2	X	
Other matters of governance		
• The annual financial statements were submitted for auditing as per the legislated deadlines (section 40 of the PFMA).	X	
• The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.	X	
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	X	
• The prior year's external audit recommendations have been substantially implemented.	X	



REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE PROJECT DEVELOPMENT FACILITY (CONTINUED) for the year ended 31 March 2008

APPRECIATION

11. The assistance rendered by the staff of the Project Development Facility during the audit is sincerely appreciated.

Auditor - General

Pretoria

31 July 2008



AUDITOR GENERAL



PROJECT DEVELOPMENT FACILITY (PDF)

INCOME STATEMENT for the year ended 31 March 2008

	Notes	2008 R	2007 R
		<u> </u>	<u> </u>
Revenue	7	6 496 060	61 262 544
Operating expenses		(8 443 146)	(3 607 225)
Profit from operations	7	<u>(1 947 086)</u>	<u>57 655 319</u>
Net finance income	8	<u>6 414 571</u>	<u>2 433 055</u>
Net profit for the year		<u>4 467 485</u>	<u>60 088 374</u>



PROJECT DEVELOPMENT FACILITY (PDF)

BALANCE SHEET as at 31 March 2008

	Notes	2008	2007
		R	R
		<u> </u>	<u> </u>
ASSETS			
Current assets			
Trade and other receivables	9	81 663 296	72 117 617
Cash and cash equivalents	10	614 510	2 385 180
		81 048 786	69 732 437
		<u> </u>	<u> </u>
Total assets		81 663 296	72 117 617
EQUITY AND LIABILITIES			
Reserves			
Accumulated profit		76 538 580	72 071 095
		<u> </u>	<u> </u>
Current liabilities			
Trade and other payables	11	5 124 716	46 522
		<u> </u>	<u> </u>
Total equity and liabilities		81 663 296	72 117 617



PROJECT DEVELOPMENT FACILITY (PDF)

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2008

	Accumulated surplus
	R
	<hr/>
Balance at 1 April 2006	11 982 721
Net profit for the year	<u>60 088 374</u>
Balance at 1 April 2007	72 071 095
Net profit for the year	<u>4 467 485</u>
Balance at 31 March 2008	<u><u>76 538 580</u></u>



PROJECT DEVELOPMENT FACILITY (PDF)

CASH FLOW STATEMENT for the year ended 31 March 2008

	Notes	2008 R	2007 R
		<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from government and other sources		8 456 060	59 302 544
Cash paid to suppliers		(3 364 952)	(4 281 261)
Cash generated from operations	12	<hr/> 5 091 108	<hr/> 55 021 283
Net finance income received	13	6 225 241	2 064 259
Net cash from operating activities		<hr/> 11 316 349	<hr/> 57 085 542
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		69 732 437	12 646 895
CASH AND CASH EQUIVALENTS AT END OF YEAR		<hr/> 81 048 786	<hr/> 69 732 437



PROJECT DEVELOPMENT FACILITY (PDF)

ACCOUNTING POLICIES for the year ended 31 March 2008

The Annual Financial Statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and Public Finance Management Act, Act 1 of 1999 as amended.

The following are the principal accounting policies of the entity which are, in all material modifications, consistent with those applied in the previous year, except as otherwise indicated:

1. Basis for preparation

The financial statements have been prepared on a historical cost basis. No modifications were made for measurement of financial instruments to fair value.

2. Currency

These financial statements are presented in South African Rands since that is the currency in which the majority of the entity's transactions are denominated.

3. Revenue recognition

- 3.1 Government grants for the financing of operating expenditure are those received from National Treasury, are accounted for as income on the accrual basis and are not repayable.
- 3.2 Other income relates to fees charged upon financial close of a PPP in terms of Treasury Regulation 16 and is accounted for as it accrues.
- 3.3 Interest is on a time proportion and is therefore recognised as it accrues.

4. Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, trade payables and trade receivables. These instruments are generally carried at their estimated fair value. The particular recognition methods are disclosed in the individual notes associated with each item, as set out below.

4.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of deposits held with banks.



PROJECT DEVELOPMENT FACILITY (PDF)

ACCOUNTING POLICIES (CONTINUED) for the year ended 31 March 2008

5. Provisions

Provisions are recognised when the entity has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

6. Public sector practices and policies

6.1 Inter-relationship with other government entities

The entity operates as a trading entity of the National Treasury, within the South African Government environment. In line with prevailing government practices the entity is not obliged to pay for certain expenditure such as office space and utilisation of moveable assets.

6.2 Public Finance Management Act reporting requirements

Section 40(3) (b)

No material losses occurred during the current financial year due to criminal conduct nor any unauthorised expenditure, irregular expenditure, fruitless expenditure or wasteful expenditure.



PROJECT DEVELOPMENT FACILITY (PDF)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2008

	2008	2007
	R	R
7. Profit from operations		
Profit from operations is arrived at after taking the following into account:		
Revenue from:		
- Government grants received	6 000 000	56 000 000
- Other income	496 060	5 262 544
	<u>6 496 060</u>	<u>61 262 544</u>
Expenditure for:		
- Audit fees	12 607	-
- Financial management services	317 110	398 749
- Bank charges	11 404	10 593
- Transaction advisors' fees	8 102 025	3 197 883
	<u>8 133 146</u>	<u>3 597 225</u>
Operating profit	<u>(1 947 086)</u>	<u>57 655 319</u>
8. Net finance income		
Interest received – cash and bank deposits	<u>6 414 571</u>	<u>2 433 055</u>
9. Trade and other receivables		
Trade accounts receivable		1 960 000
Accrued revenue – interest receivable	614 510	425 180
	<u>614 510</u>	<u>2 385 180</u>
10. Cash and cash equivalents		
Bank balance – Project Development Facility	31 113 474	19 732 437
Bank balance – Neighbourhood Development Programme Grant	49 935 312	50 000 000
	<u>81 048 786</u>	<u>69 732 437</u>
11. Trade and other payables		
Trade accounts payable	3 619 709	45 600
Accrued expenses	1 067	922
Interdepartmental Debts	1 503 940	-
	<u>5 124 716</u>	<u>46 522</u>



PROJECT DEVELOPMENT FACILITY (PDF)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	2008	2007
	R	R
	_____	_____
12. Reconciliation of net profit for the year to cash generated from operations		
Net profit for the year	4 467 485	60 088 374
Net finance income	(6 414 571)	(2 433 055)
Operating cash flows before working capital changes	(1 947 086)	57 655 319
Working capital changes:	7 038 194	(2 634 036)
- Increase / (Decrease) in trade and other payables and provisions	5 078 194	(674 036)
- Decrease / (Increase) in trade and other receivables	1 960 000	(1 960 000)
Cash generated from operations	5 091 108	55 021 283
13. Net finance income received		
Accrued net finance income at beginning of year	425 180	56 384
Net finance income received per income statement	6 414 571	2 433 055
Accrued net finance income at the end of the year	(614 510)	(425 180)
Net finance income received	6 225 241	2 064 259



PROJECT DEVELOPMENT FACILITY (PDF)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

14. Contingent liabilities

The accumulated profit of R 76 538 580 is retained for the funding of Transaction Advisors costs associated with the establishment of selected PPP projects and NDPG approved for funding during the course of the Project Development Facility's normal course of operations. Funding is disbursed upon the successful achievement of predefined milestones and Treasury Approvals. The Project Development Facility has applied to National Treasury to retain the accumulated profit. Movement on PPP and NDPG projects identified for funding during the period:

	2008	Additional Funds 2008	Amount Disbursed 2008	2007
	R	R	R	R
Free State Newly Built Hospitals	1 1 861 912	-	-	1 861 912
Vukuzakhe Plant Depot	1 1 081 011	-	-	1 081 011
Eastern Cape Pharmaceuticals	1 458 939	-	-	1 458 939
Settlers and Port Alfred Hospitals	-	-	322 439	322 439
Western Cape Swellendam Hospital	230 472	-	50 253	280 725
Cape Nature – PPP Tourism toolkit	2 1 260 905	1 400 000	139 095	-
Limpopo Department of Health – Penge Hospital	2 -	45 000	45 000	-
Potchefstroom Municipality – Solid Waste Management	2 1 770 230	1 928 975	158 745	-
Greater Kokstad Municipality – Civic Centre	2 2 000 000	2 000 000	-	-
Greater Sekhukhune District Municipality – Water and Sanitation municipal entity	2 600 000	600 000	-	-
Total	10 263 469	5 973 975	715 532	5 005 026

1. Funding of these projects has been withdrawn and formal delisting is pending.
2. New projects



PROJECT DEVELOPMENT FACILITY (PDF)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

14. Contingent liabilities (Continued)

In 2006, the Project Development Facility inherited a number of projects from the Municipal Infrastructure Investment Unit (MIIU). The status of the current projects is as follows:

	2008	Additional Funds 2008	Amount Disbursed 2008	2007
	R	R	R	R
City of Cape Town – Water and Sanitation	1 750 000	-	-	750 000
City of Cape Town - Landfill	1 377 544	-	-	377 544
Local Municipality of Madibeng – Water and Sanitation	500 000	-	-	500 000
Total	1 627 544	-	-	1 627 544

1. Funding of these projects has been withdrawn and formal delisting is pending.



PROJECT DEVELOPMENT FACILITY (PDF)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

	2008	2007
	R	R
	<hr/>	<hr/>
15. Commitments		
15.1 Programme commitments		
Commitments arising from future funding of the above the PDF and NDPG projects will be financed from the current accumulated profit of R 76 538 580 as well as future government grants. At year end the funds approved and allocated to PDF and NDPG related projects were as follows:		
<ul style="list-style-type: none"> • PDF – R 7 820 546 • NDPG – R26 413 909 		
15.2 Operating commitments		
Payable within the next 12 months:		
- Contractual commitments	228 000	114 000
Payable between 2 and 5 years:		
- Contractual commitments	342 000	-

The Project Development Facility appointed Siyaya Inc for the outsourced financial management of the Project Development Facility.

16. Taxation

No provision is made for taxation, as the Project Development Facility is exempt from taxation in terms of Section 10(1) (a) of the Income Tax Act, 1962.

17. Events after the reporting date

There were no events after balance sheet date that might have a material effect on the fair presentation of the financial statements as at 31 March 2008.



PROJECT DEVELOPMENT FACILITY (PDF)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

	2008	2007
	R	R
	<u> </u>	<u> </u>
18. Related party transactions		
The Project Development Facility received grants from the following related parties:		
National Treasury	6 000 000	56 000 000
City of Cape Town	-	377 544
	<u>6 000 000</u>	<u>56 000 000</u>
The Project Development Facility owed the following amount to related parties:		
Eastern Cape Department of Health	1 503 940	-
	<u>1 503 940</u>	<u> </u>



HUMAN RESOURCES MANAGEMENT STATISTICAL REPORT



HUMAN RESOURCES MANAGEMENT STATISTICAL REPORT

1. SERVICE DELIVERY

Organisational environment

The National Treasury recognises that competent people working in teams and directed by strong leaders, are key to an effective, relevant and respected organisation. The department strives to remain an employer of choice in the public sector and in this regard, actively invests time in order to achieve this. Various initiatives are underway in the organisation to consistently improve the working environment and competencies of our most valuable asset – our team. Advances have also been made to render the organisation more effective in terms of its recruitment and retention strategies. These will be implemented systematically over the medium term.

Fiscal, budgeting and accounting reforms

Initiatives to improve on the allocation and management of public funds are constantly being considered in the interest of all South Africans. Resource allocation for sustainable growth and development, and reducing poverty, will remain high on Government's agenda, and the National Treasury will continue to play its part to attain this objective.

Realising greater value for money continues to feature prominently on Treasury's agenda. This is given form through technical assistance and ongoing incremental improvements made to budgeting and reporting systems. Substantial effort has been made and resources allocated to roll out accounting policies and making adjustments to the financial classification system for purposes of greater transparency and deeper analysis of spending patterns.

Economic Policy

This has been an area of particularly intense activity over the past year, largely due to recent volatility in the global environment. Governments' spending choices therefore take into account a more unsettled global environment. Whilst total revenue growth is expected to moderate in line with economic activity, strong commodity prices are generating robust tax revenues in the mining sector.

Prudent fiscal policy choices and strong economic growth over the past five years have created the fiscal space to support economic and social development. Public expenditure therefore is focused on areas that will raise growth over the medium to long term, such as economic infrastructure, education, health and basic household services. The redistributive stance of government remains intact and is given form with increases in transfers to poor households.

Intergovernmental Relations

The characteristics of our democratic system demand a well established intergovernmental system that seeks to better coordinate service delivery across govern-



ment. Furthermore, the flow of information across the three spheres of government is imperative when ensuring that the needs of the people are addressed in the allocation of financial resources. In this respect the National Treasury has continued advancing the depth and integrity of financial data available from provinces and local government.

Grant allocation frameworks have been refined in order to ensure greater transparency and more concrete performance measures. It is envisaged that these resources will further improve service delivery. Labour intensive infrastructure development projects continue to provide employment opportunities and to deliver infrastructure that will be required in future.

Budget reforms and stronger financial management practices are being reinforced at the local government level and will remain an area of focus until stabilised over the medium term. The MFMA provides a solid basis to better implement modern and effective financial management systems.

PFMA Implementation

The PFMA has received dedicated commitment for several years. With a better understanding of the PFMA and its implications for financial management, focus has shifted towards deepening various processes such as supply chain management, asset management and financial reporting. Whilst several of these have been designed and rollouts embarked on, the fruits of their implementation will only be seen over the medium term. These continuous improvements will allow government to extend transparency, efficiency and sustainability in the use and management of financial resources and, over time, realise greater value for money.

Tax Policy

Maintaining the balance between the tax burden on taxpayers and the demands on government services is a subject of unwavering commitment from the National Treasury. Ensuring that domestic and international markets view South Africa as predictable and consistent is important for investment decisions. Notwithstanding this, tax policy is constantly being adapted to respond to the economic outlook and the needs of specific sectors of our economy. For this system to be effective accurate and up to date information is critical. The National Treasury and SARS thus work closely in the drafting of tax legislation.

Managing Public Sector Debt

With regard to asset and liability management, the debt management strategy has evolved from exclusively financing the borrowing requirement to offering broader support for government's macroeconomic objectives. Debt servicing cost as a percentage of GDP continued to decline, reaching 2.6 per cent of GDP. During 2007, key rating agencies revised South Africa's sovereign credit ratings from 'stable' to 'positive'. This is largely due to the prudent fiscal stance and accumulation of reserves.



International Financial Relations

With an increasingly interdependent global environment, international financial relations and regional economic integration enjoy relative high priority. South Africa successfully chaired the G20 Ministers' and Governors' meeting during the period under review. Regional policy issues largely addressed matters relating to progress towards the Millennium Development Goals (MDG's) and deepening integration of regional economic activity through regional institutions such as the African Development Bank and the African Union. These will continue to feature on our development agenda. After being the recipient of development assistance from many countries during our own transition, South Africa is increasingly becoming a donor in its own right, with funding mainly being channeled through the African Renaissance Fund. South Africa's contributions to peacekeeping efforts, investment promotion and economic cooperation have also gained impetus.



2. EXPENDITURE

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

Table 2.1 - Personnel costs by programme, 2007/08

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Programme 1 Administration	177,602	61,073	3,925	17,874	33.2	239
Programme 2 Economic Planning and Budget Management	211,997	89,738	1,739	90,736	42.3	392
Programme 3 Asset and Liability Management	57,827	30,054	452	14,980	52.0	301
Programme 4 Financial Management and Systems	267,936	32,291	4,711	697	12.1	409
Programme 5 Financial Accounting and Reporting	98,760	22,492	842	10,647	22.8	369
Programme 6 Economic Policy and International Financial Relations	93,194	37,092	651	14,552	39.8	0
Programme 7 Provincial and Local Government Transfers	6,992,736	0	0	0	0.0	0
Programme 8 Civil and Military Pensions, Contributions to Funds	2,176,826	0	0	25,330	0.0	0
Programme 9 Fiscal Transfers	8,889,290	0	0	0	0.0	0
Total	18,966,168	272,740	12,320	174,816		

**Table 2.2 – Personnel costs by salary bands, 2007/08**

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	93	0.03	93
Skilled (Levels 3-5)	4,782	1.8	96
Highly skilled production (Levels 6-8)	35,802	13.2	172
Highly skilled supervision (Levels 9-12)	106,315	39.3	311
Senior management (Levels 13-16)	123,583	45.7	594
Total	270,575	100	334

NB: Minister and Deputy Minister not included in totals

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners' allowances and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 2.3 – Salaries, overtime, home owners' allowances and medical assistance by programme, 2007/08

Programme	Salaries		Overtime		Home Owners' Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Programme 1	40,331	63.9	297	0.5	645	1.1	1,670	2.7
Programme 2	54,196	60.4	56	0.1	1,464	1.6	1,748	1.9
Programme 3	18,853	62.7	0	0.0	325	1.1	751	2.5
Programme 4	21,216	65.7	0	0.0	184	0.6	952	2.9
Programme 5	13,427	59.7	0	0.0	137	0.6	396	1.8
Programme 6	22,550	60.8	0	0.0	423	1.1	737	2.0
Programme 7	0	0	0	0.0	0	0	0	0.0
Programme 8	0	0	0	0.0	0	0	0	0.0
Programme 9	0	0	0	0.0	0	0	0	0.0
Total	170,573	62.0	353	0.1	3,178	1.2	6,254	2.3



Table 2.4 – Salaries, overtime, home owners' allowance and medical assistance by salary bands, 2007/08

Salary Bands	Salaries		Overtime		Home Owners' Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	63	67.7	0	0.0	6	6.5	12	12.9
Skilled (Levels 3-5)	3,329	69.6	42	0.9	105	2.2	229	4.8
Highly skilled production (Levels 6-8)	23,261	65.0	155	0.4	515	1.4	1,449	4.0
Highly skilled supervision (Levels 9-12)	73,582	69.2	156	0.1	672	0.6	2,650	2.5
Senior management (Levels 13-16)	69,038	55.9	0	0.0	1,880	1.5	1,846	1.5
Total	169,273	62.6	353	0.1	3,178	1.2	6,186	2.3



3. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts in the establishment, the number of employees, the vacancy rate, and any staff that are additional to the establishment. This information is presented in terms of two key variables: programme (Table 3.1) and salary band (Table 3.2). Departments have identified critical occupations that need to be monitored. The vacancy rate reflects the percentage of posts that are not filled.

Table 3.1 – Employment and vacancies by programme, 31 March 2008

Programme	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Programme 1 Administration	310	248	20	10 (3 excess)
Programme 2 Economic Planning and Budget Management	249	229	8	16
Programme 3 Asset and Liability Management	79	100	(27)*	2
Programme 4 Financial Management and Systems	101	79	22	3 (3 excess)
Programme 5 Financial Accounting and Reporting	68	61	10	2
Programme 6 Economic Policy and international Financial Relations	90	92	(2)*	18
Total	897	809	10	51 (6 excess)

* Although a negative vacancy rate is showing, it should be noted that this is due to additional resources appointed on contract for fixed term projects

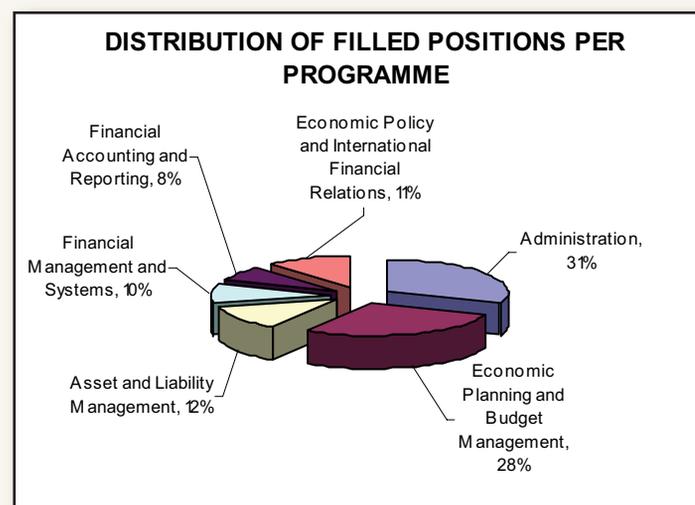
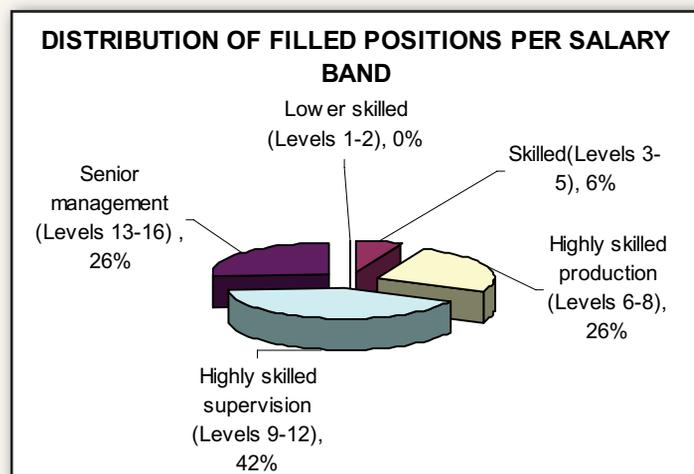




Table 3.2 – Employment and vacancies by salary bands, 31 March 2008

Salary band	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	1	0	1 (1 excess)
Skilled (Levels 3-5)	52	50	4	3 (1 excess)
Highly skilled production (Levels 6-8)	230	208	10	7 (4 excess)
Highly skilled supervision (Levels 9-12)	409	342	16	14
Senior management (Levels 13-16)	206	208	(1)*	26
Total	897	809	10	51 (6 excess)

NB: Vacancy reduced by additional appointments. Minister and Deputy Minister not included in totals



Note: Critical skills occupations for the National Treasury have not been finalised. However, the following areas are being considered: Economists, Supply Chain Consultants, Chartered Accountants and Tax Specialists

The information in each case reflects the situation as at 31 March 2008. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

4. JOB EVALUATION

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister of Public Service and Administration that all SMS jobs be evaluated before 31 December 2002.



The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.1 – Job evaluation, 1 April 2007 to 31 March 2008

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	0	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	52	1	1.9	1	1.8	0	0.0
Highly skilled production (Levels 6-8)	230	3	1.3	3	5.5	0	0.0
Highly skilled supervision (Levels 9-12)	409	38	9.3	38	69.1	0	0.0
Senior Management Service B and A	148	11	7.4	11	20.0	0	0.0
Senior Management Service B and B	48	2	4.2	2	3.6	0	0.0
Senior Management Service B and C	9	0	0.0	0	0.0	0	0.0
Senior Management Service B and D	1	0	0.0	0	0.0	0	0.0
Total	897	55	6.1	55	100.0	0	0.0

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2007 to 31 March 2008

Beneficiaries	African	Asian	Coloured	White	Total
Female	5	3	1	2	11
Male	3	0	3	0	6
Employees with a disability	0	0	0	0	0
Total	8	3	4	2	17



The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2007 to 31 March 2008 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Chief Director	5	14	15	Retention
Director	23	13	14	Retention
Deputy Director	12	11 & 12	12 & 13	Retention
Assistant Director	6	9	10	Retention
Office Assistant	2	3 & 4	4 & 5	Retention
Total number of employees whose salaries exceeded the level determined by job evaluation in 2007/08				48
Percentage of total employment				5.9

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2007 to 31 March 2008 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	6	2	1	8	17
Male	11	3	2	15	31
Total	17	5	3	23	48

5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following table provides a summary of turnover rates by salary band (Table 5.1).

Table 5.1 – Annual turnover rates by salary band for the period 1 April 2007 to 31 March 2008

Salary Band	Number of employees per band as at 31 March 2007	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate %
Lower skilled (Levels 1-2)	1	0	0	0
Skilled (Levels 3-5)	48	8	5	10
Highly skilled production (Levels 6-8)	206	64	37	18
Highly skilled supervision (Levels 9-12)	319	73	61	19
Senior Management Service B and A	134	24	17	13
Senior Management Service B and B	47	7	10	21
Senior Management Service B and C	9	0	2	22
Senior Management Service B and D	1	0	0	0
Total	765	176	132	17

NB: Minister and Deputy Minister not included in totals



Table 5.2 identifies the major reasons why staff are leaving the department.

Table 5.2 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	5	4
Resignation	81	61
Expiry of contract	11	8
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	2	2
Severance Package	1	1
Transfers to other Public Service Departments	32	24
Total	132	100
Total number of employees who left as a % of the total employment		16

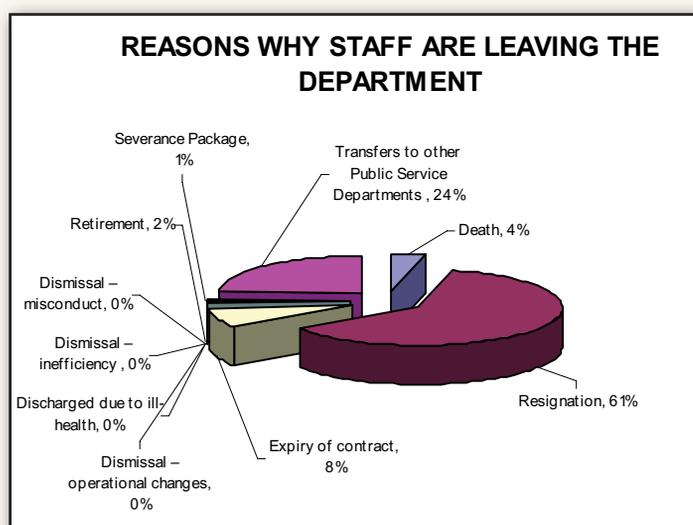
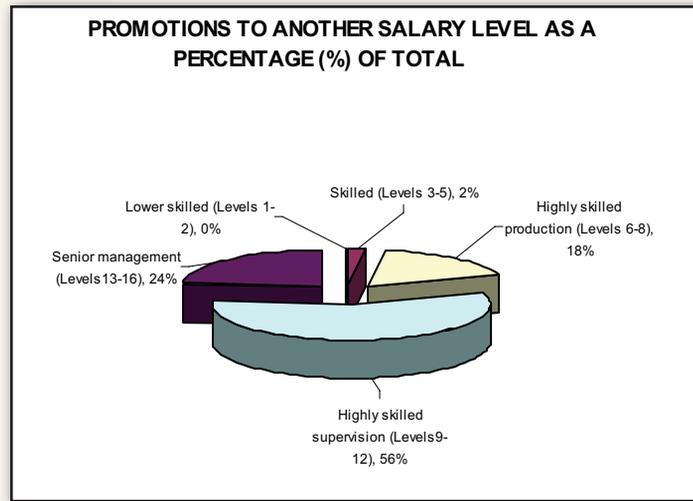


Table 5.3 – Promotions by salary band

Salary Band	Employees 31 March 2007	Promotions to another salary level	Salary bands promotions as a % of employees by salary level
Lower skilled (Levels 1-2)	1	0	0
Skilled (Levels 3-5)	48	2	4
Highly skilled production (Levels 6-8)	206	17	8
Highly skilled supervision (Levels 9-12)	319	54	17
Senior management (Levels 13-16)	191	23	12
Total	765	96	13

NB: Minister and Deputy Minister not included in totals



6. EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2008

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	48	15	15	36	22	6	8	27	177
Professionals	88	14	12	44	80	5	11	53	307
Technicians and associate professionals	12	3	2	9	30	4	6	10	76
Clerks	35	2	2	3	94	14	8	40	198
Service and sales workers	9	3	0	0	11	1	0	0	24
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	7	0	0	0	0	0	0	0	7
Elementary occupations	6	2	0	0	12	0	0	0	20
Total	205	39	31	92	249	30	33	130	809

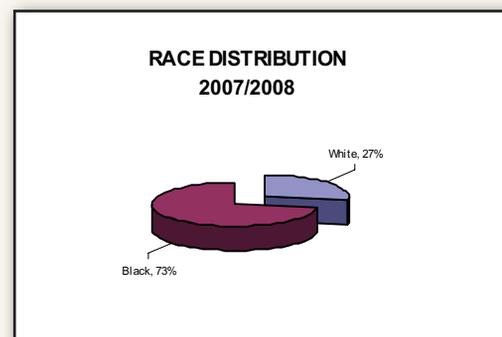
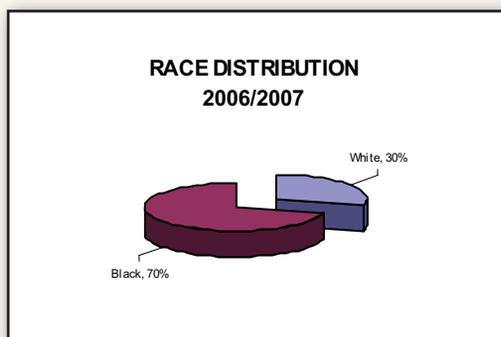




Table 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2008

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	0	3	4	0	0	0	0	12
Senior Management	47	19	14	35	31	7	9	34	196
Professionally qualified and experienced specialists and mid-management	93	15	12	46	92	10	15	59	342
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	37	2	2	6	104	12	9	36	208
Semi-skilled and discretionary decision making	23	3	0	1	21	1	0	1	50
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	205	39	31	92	249	30	33	130	809

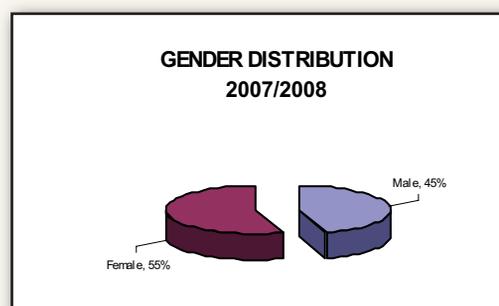
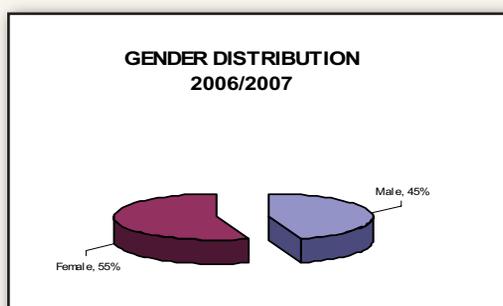


Table 6.3 – Recruitment for the period 1 April 2007 to 31 March 2008

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	7	2	2	1	14	1	1	3	31
Professionally qualified and experienced specialists and mid-management	29	4	1	6	21	3	4	5	73
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	22	0	0	0	37	1	3	1	64
Semi-skilled and discretionary decision making	5	0	0	0	3	0	0	0	8
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	63	6	3	7	75	5	8	9	176
Employees with disabilities	0	0	0	0	0	0	0	0	0

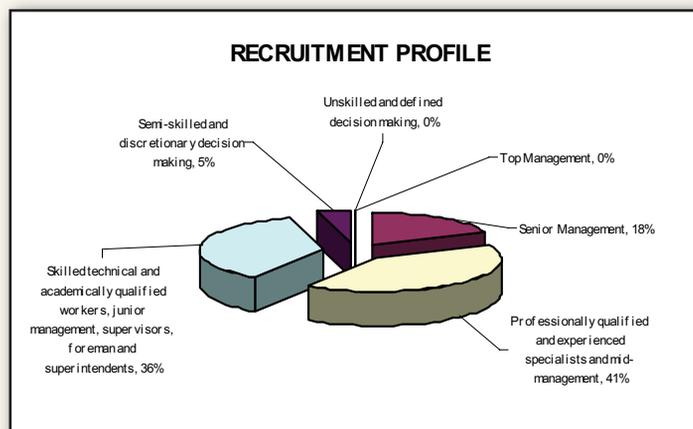
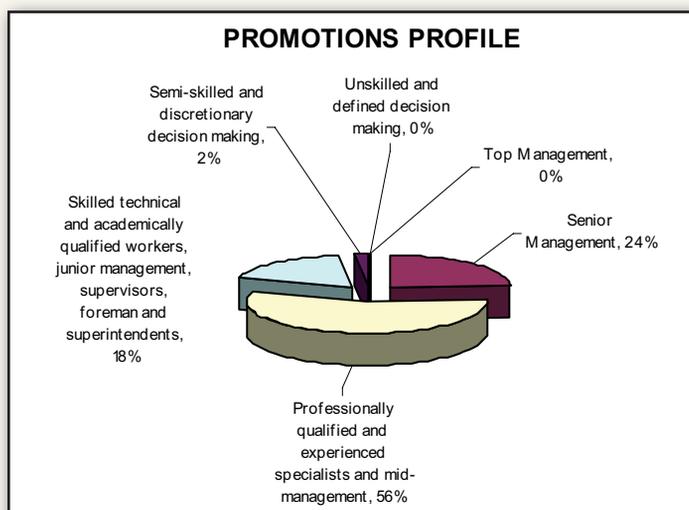


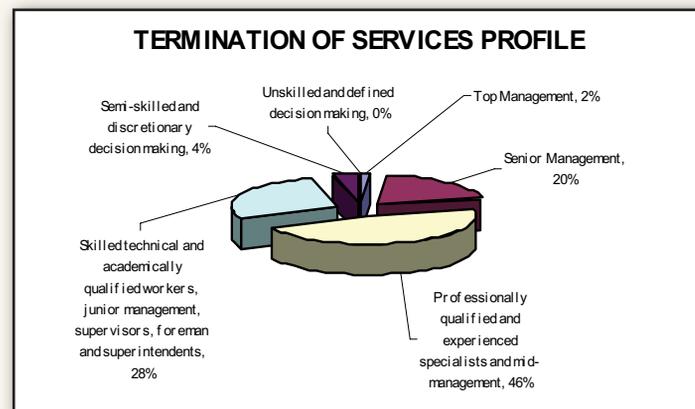
Table 6.4 – Promotions for the period 1 April 2007 to 31 March 2008

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	5	1	1	3	6	1	1	5	23
Professionally qualified and experienced specialists and mid-management	12	3	3	3	19	3	4	7	54
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	1	0	0	10	2	1	0	17
Semi-skilled and discretionary decision making	2	0	0	0	0	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0
Total	22	5	4	6	35	6	6	12	96



**Table 6.5 – Terminations for the period 1 April 2007 to 31 March 2008**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	1	0	1	0	0	2
Senior Management	6	2	2	5	7	0	2	3	27
Professionally qualified and experienced specialists and mid-management	18	0	2	3	23	2	5	8	61
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	2	0	0	18	0	1	1	37
Semi-skilled and discretionary decision making	3	0	0	0	2	0	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0
Total	42	4	4	9	50	3	8	12	132

**Table 6.6 – Disciplinary action for the period 1 April 2007 to 31 March 2008**

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	5	2	1	1	7	1	1	2	20



Table 6.7 – Skills development for the period 1 April 2007 to 31 March 2008

Occupational categories	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	28	4	6	10	37	5	6	13	109
Professionals	25	3	3	2	37	7	10	7	94
Technicians and associate professionals	8	3	1	18	34	1	4	17	86
Clerks	23	4	1	2	70	3	4	9	116
Service and sales workers	0	0		0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0		0	0	0	0	0	0
Elementary occupations	3	0	0	0	0	10	0	0	13
Total	87	14	11	32	178	26	24	46	418
Employees with disabilities	1	0	0	2	0	0	0	2	5

7. PERFORMANCE REWARDS

To encourage good performance, the department granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 7.1), salary bands (table 7.2) and critical occupations (Table 7.3).

Table 7.1 – Performance rewards by race, gender, and disability, 1 April 2007 to 31 March 2008

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	316	371	85	7,608	24
Male	150	167	90	4,384	29
Female	166	204	81	3,224	19
Asian	43	53	81	1,726	40
Male	21	30	70	1,024	49
Female	22	23	96	702	32
Coloured	46	59	78	1,772	39
Male	21	32	66	990	47
Female	25	27	93	782	31
White	194	227	85	7,374	38
Male	75	92	82	3,733	50
Female	119	135	88	3,641	31
Total	599	710	84	18,480	31
Employees with disabilities	4	5	80	53	13



Table 7.2 – Performance rewards by salary bands for personnel below senior management service, 1 April 2007 to 31 March 2008

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	1	0	0	0	0
Skilled (Levels 3-5)	50	53	94.3	384	8	0.15
Highly skilled production (Levels 6-8)	128	197	64.9	1,618	24	0.6
Highly skilled supervision (Levels 9-12)	242	326	74.5	6,279	51	2.5
Total	420	577	77.9	8,281	20	3.25

Table 7.3 – Performance related rewards (cash bonus), by salary band, for senior management service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	123	141	87	6,398	52	2.35%
Band B	44	49	90	2,728	62	1.00%
Band C	11	11	100	937	85	0.34%
Band D	1	1	100	136	136	0.05%
Total	179	202	89	10,199	57	3.74%

NB: Please note that the Head of Department received the 2004/2005 and 2005/2006 performance bonuses during this financial year

8. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2007 TO 31 DECEMBER 2007

The Public Service Commission identified the need to carefully monitor sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 8.1) and disability leave (Table 8.2). In both cases, the estimated cost of the leave is also provided.



Table 8.1 – Sick leave, 1 January 2007 to 31 December 2007

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	12	0	1	0.2	12	2
Skilled (Levels 3-5)	217	0	33	5.4	7	53
Highly skilled production (Levels 6-8)	1190.5	0	170	27.9	7	494
Highly skilled supervision (Levels 9-12)	1621	0	270	44.3	6	1602
Senior management (Levels 13-16)	704.5	0	136	22.3	5	1477
Total	3745	0	610	100.0	6	3,628

Table 8.2 – Disability leave (temporary and permanent), 1 January 2007 to 31 December 2007

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	6	100	1	25	6	2
Highly skilled supervision (Levels 9-12)	46	100	2	50	23	29
Senior management (Levels 13-16)	3	100	1	25	0	6
Total	55	100	4	100	14	37

Table 8.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 8.3 – Annual Leave, 1 January 2007 to 31 December 2007

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	20.00	20
Skilled (Levels 3-5)	1,139.00	23
Highly skilled production (Levels 6-8)	3,810.32	18
Highly skilled supervision (Levels 9-12)	6,927.76	20
Senior management (Levels 13-16)	4,488.84	22
Total	16,385.92	20

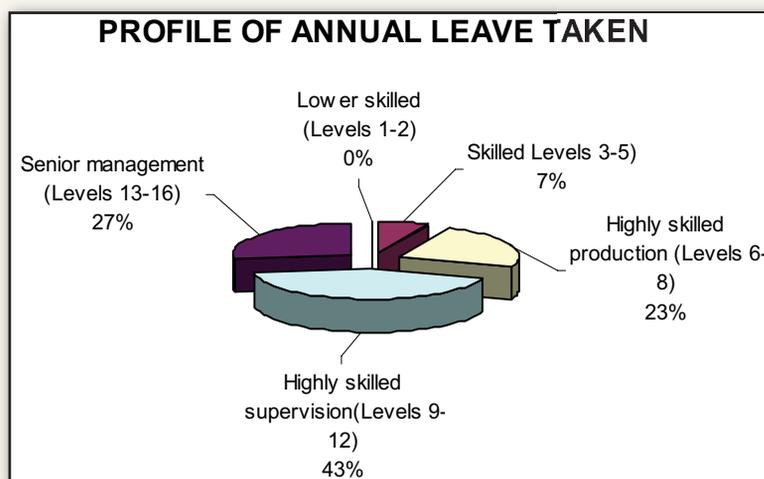


Table 8.4 – Capped leave, 1 January 2007 to 31 December 2007

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2007
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	1	1	34
Highly skilled production (Levels 6-8)	34	6	19
Highly skilled supervision (Levels 9-12)	47	2	37
Senior management (Levels 13-16)	63	6	68
Total	145	4	41

Table 8.5 – Leave payouts for the period 1 April 2007 to 31 March 2008

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2007/08 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2007/08	382	7	97
Current leave payout on termination of service for 2007/08	846	97	9
Total	1528	104	106

9 HIV AND AIDS AND HEALTH PROMOTION PROGRAMMES

Table 9.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	N/A



Table 9.2 – Details of health promotion and HIV and AIDS programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position	x		Chief Director: Performance and Development.
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose	x		1 Internal Human Resources Specialist: Employee Wellness Programme (EWP), supported by an external Employee Wellness service provider (ICAS)
3. Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme	x		<ul style="list-style-type: none"> ▪ Confidential Counselling ▪ Assess and refer employees for interventions including: financial and legal advice, relationships, family matters, substance abuse, work stress, depression, trauma and other health issues ▪ Provide training and awareness programmes ▪ Conduct needs assessment and Knowledge, Attitude, Behaviour and Practical (KABP) study ▪ EWP Marketing ▪ Implement EWP and HIV and Aids strategies
4. Has the department established a committee/s as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee/s and the stakeholder/s that they represent	x		<ul style="list-style-type: none"> ▪ Composed 10 internal members: ▪ Sheridan Pillay (DG's office) ▪ Thabile Khome (Specialist Function) ▪ Dalu Majeke (Corporate Services) ▪ Georgina Chauke (Corporate Services) ▪ Marius Klue (OAG) ▪ Betty Malope (Corporate Services) ▪ Andrew Mohlala (Intergovernmental relations) ▪ Nomkhosi Zulu (Public Finance) ▪ Betty Malope (Corporate Services) ▪ Innocentia Machaba (Specialist Functions)
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed	x		The department's HIV and AIDS policy gives a solid platform for ensuring non-discriminatory practices against HIV positive employees
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures	x		The HIV and AIDS policy emphasises confidentiality and the names of all employees tested are kept confidentially by an external Voluntary Counselling and Testing (VCT) service provider
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved	x		VCT was conducted in December 2007 with 123 employees tested, and April 2008 (still awaiting results)
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators		x	

10 LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department.

Table 10.1 – Collective agreements, 1 April 2007 to 31 March 2008

Subject Matter	Date
None	



The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 10.2 – Misconduct and disciplinary hearings finalised, 1 April 2007 to 31 March 2008

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	3	14
Final written warning	14	67
Suspended without pay	2	9.5
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	2	9.5
Total	21	100

Table 10.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Gross insubordination	1	5
Unauthorised use of telephone pin code	3	15
Incapacity	1	5
Negligence	9	45
Negligence and insubordination	1	5
Negligence, insubordination and absenteeism	2	10
Absenteeism	1	5
Abuse of National Treasury property	2	10
Total	20	100

Table 10.4 – Grievances lodged for the period 1 April 2007 to 31 March 2008

	Number	% of Total
Number of grievances resolved	9	81.8
Number of grievances not resolved	2	18.2
Total number of grievances lodged	11	100

Table 10.5 – Disputes lodged with councils for the period 1 April 2007 to 31 March 2008

	Number	% of Total
Number of disputes upheld	2	66.7
Number of disputes dismissed	1	33.3
Total number of disputes lodged	3	100

NB. There is still 1 (25%) outstanding dispute which is with the Labour Court



Table 10.6 – Strike actions for the period 1 April 2007 to 31 March 2008

Total number of person working days lost	
Total cost (R'000) of working days lost	N/A
Amount (R'000) recovered as a result of no work no pay	N/A

Table 10.7 – Precautionary suspensions for the period 1 April 2007 to 31 March 2008

Number of people suspended	N/A
Number of people whose suspension exceeded 30 days	N/A
Average number of days suspended	N/A
Cost (R'000) of suspensions	N/A

11 SKILLS DEVELOPMENT

This section highlights the efforts of the department with regard to skills development.

Table 11.1 – Training needs identified 1 April 2007 to 31 March 2008

Occupational Categories	Gender	Number of employees as at 1 April 2007	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	57	0	82	0	82
	Male	116	0	167	0	167
Professionals	Female	186	0	239	0	239
	Male	168	0	223	0	223
Technicians and associate professionals	Female	0	0	4	0	4
	Male	0	0	6	0	6
Clerks	Female	152	0	221	0	221
	Male	37	0	60	0	60
Service and sales workers	Female	11	0	16	0	16
	Male	13	0	20	0	20
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	6	0	0	0	0
Elementary occupations	Female	12	0	0	11	11
	Male	9	0	0	3	3
Sub Total	Female	418	0	562	11	573
	Male	349	0	476	3	479
Total		767	0	1038	14	1052

**Table 11.2 – Training provided 1 April 2007 to 31 March 2008**

Occupational Categories	Gender	Number of employees as at 1 April 2007	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	57	0	61	0	61
	Male	116	0	48	0	48
Professionals	Female	186	0	61	0	61
	Male	168	0	33	0	33
Technicians and associate professionals	Female	0	0	56	0	56
	Male	0	0	30	0	30
Clerks	Female	152	0	86	0	86
	Male	37	0	30	0	30
Service and sales workers	Female	11	0	0	0	0
	Male	13	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators & assemblers	Female	0	0	0	0	0
	Male	6	0	0	0	0
Elementary occupations	Female	12	0	0	10	10
	Male	9	0	0	3	3
Sub Total	Female	418	0	264	10	274
	Male	349	0	141	3	144
Total		767	0	405	13	418

12 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 12.1 – Injury on duty, 1 April 2007 to 31 March 2008

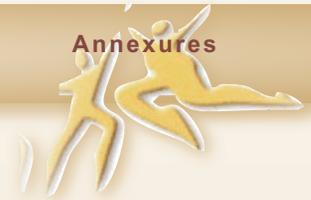
Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	1	100
Permanent Disablement	0	0
Fatal	0	0
Total	1	100



ANNEXURES

Annexure 1: Abbreviations

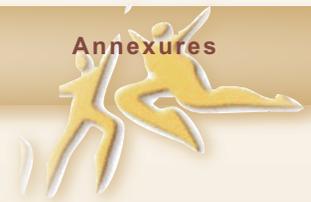
ACCC	Anti-Corruption Coordinating Committee
ADB	African Development Bank
ADF	African Development Fund
AFIS	Automated Fingerprint Identification System
APRM	African Peer Review Mechanism
ASB	Accounting Standards Board
AU	African Union
BAS	Basic Accounting System
BIS	Bank for International Settlements
CFTC	Commonwealth Fund for Technical Cooperation
CGE	Computable General Equilibrium
CISNA	Securities and Non-banking Financial Authorities
CMU	Contract Management Unit
CMA	Common Monetary Area
CPD	Corporation for Public Deposits
DBSA	Development Bank of Southern Africa
DCIS	Development Corporation Information System
DOC	Department of Communications
DPE	Department of Public Enterprises
DME	Department of Minerals and Energy
DPSA	Department of Public Service and Administration
ED	Exposure Drafts
EU	European Union
FATF	Financial Action Task Force
FFC	Financial and Fiscal Commission
FIC	Financial Intelligence Centre
FMS	Financial Management System
FOSAD	Forum of SA Directors-General
FSB	Financial Services Board
G20	Group of Twenty Countries
G24	Group of Twenty-Four Countries
GAMAP	Generally Accepted Municipal Accounting Practices
GCC	Guarantee Certification Committee
GCIS	Government Communications and Information System
GDS	Growth and Development Summit
GEPF	Government Employee Pension Fund
GFECRA	Gold and Foreign Exchange Contingency Reserve Account



GRAP	Generally Recognised Accounting Practices
HDI	Historically Disadvantaged Individual
HIPC	Highly Indebted Poor Countries
HSRC	Human Sciences Research Council
IAS	International Accounting Standards
IDC	International Development Cooperation
IFAC	International Federation of Accountants
IFMS	Integrated Financial Management Systems
IJS	Integrated Justice Sector
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IOSCO	International Organisation of Securities Commissions
IPFA	Institute for Public Finance and Auditing
IPSAS	International Public Sector Accounting Standards
ISDA	International Swaps and Derivatives Association
LRAD	Land Reform for Agricultural Development
MFMA	Municipal Financial Management Act
MFMTAP	Municipal Finance Management Technical Assistance Project
MOU	Memorandum of Understanding
MSP	Master Systems Plan
MTEF	Medium-Term Expenditure Framework
NCOP	National Council of Provinces
NEDLAC	National Economic Development and Labour Council
NEPAD	New Partnership for Africa's Development
NERSA	National Energy Regulator of South Africa
NERT	National Energy Response Team
NIA	National Intelligence Agency
NOFP	Net Open Forward Position
NPA	National Ports Authority
OAG	Office of the Auditor-General
PIC	Public Investment Corporation
PFAI	Provident Fund for Associated Institutions
PFMA	Public Finance Management Act
PPP	Public Private Partnerships
PPPFA	Preferential Procurement Policy Framework Act
RDP	Reconstruction and Development Programme
REDS	Regional Electricity Distributors
RISDP	Regional Indicative Strategic Development Plan
RMF	Risk Management Framework
SACU	Southern African Customs Union
SADC	Southern African Development Community



SAFCOL	SA Forestry Company Limited
SANReN	South African Research Network
SAPS	South African Police Services
SAPO	South African Post Office
SARB	South African Reserve Bank
SARS	South African Revenue Services
SASRIA	South African Special Risks Insurance Association
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SETA	Sector Education and Training Authority
SITA	State Information Technology Agency
SCOPA	Standing Committee on Public Accounts
SMMEs	Small, Medium and Micro-Enterprises
SOEs	State-owned Enterprises
STRIPS	Separate Trading of Registered Interest and Principal Securities
WTO	World Trade Organisation



Annexure 2: Institutions associated with the National Treasury

The National Treasury works closely with a number of public institutions. It has operational and institutional independence and, in some instances, constitutionally guaranteed autonomy. It produces its own annual reports.

Accounting Standards Board

Section 87 of the Public Finance Management Act (1 of 1999)

Coin Liabilities

SA Reserve Bank subsidiary

Corporation for Public Deposits

Corporation for Public Deposits Act (46 of 1984)

Development Bank of Southern Africa

Development Bank of Southern Africa Act (13 of 1997)

Financial and Fiscal Commission

Financial and Fiscal Commission Act (99 of 1997)

Financial Services Board

Financial Services Board Act (97 of 1990)

The following either report to or are linked to it:

Financial Advisory and Intermediary Services Ombud

Financial Markets Advisory Board

Pension Fund

Pension Funds Adjudicator

Financial Intelligence Centre

Financial Intelligence Centre Act (38 of 2001)

Independent Development Trust

Policy Board for Financial Services Regulation

Policy Board for Financial Services and Regulation Act (141 of 1993)

Public Accounts and Auditors Board

Public Investment Corporation

Public Investment Corporation Act, 2004 (23 of 2004)

Registrar of Banks

Reports to SA Reserve Bank

SA Banknote Company

SA Reserve Bank subsidiary

SA Mint Company

SA Reserve Bank subsidiary

South African Reserve Bank

SA Reserve Bank Act (90 of 1989)

South African Revenue Service

SA Revenue Service Act (34 of 1997)



South African Special Risk Insurance Association (SASRIA)

Special Pensions Board

Special Pensions Advisory Board

State Tender Board

Statistical Council

Statistics Act (66 of 1976)

Tax Advisory Committee