



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

National Treasury

Strategic Plan (Update)

2010/13

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The 2010/13 National Treasury Strategic Plan (update) is compiled with the latest available information from the department and other sources. Some of this information is unaudited or subject to revision.

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MINISTER'S STATEMENT OF POLICY AND COMMITMENT

The current administration, under the able leadership of President Zuma, took charge at an undeniably difficult period in our country's history. We have grappled with our first domestic recession in almost two decades, a world economy undergoing significant changes, and faced the need for different approaches to achieve better results. In February 2010, the President stressed the need for greater focus and more systematic approaches to challenges, and this update of National Treasury strategic plan does just that. Presented in the context of a recovering economy, this document sets out the department's commitment to Parliament to doing things differently and to speeding up service delivery in areas the Treasury is responsible for. These include ensuring the continued high quality of information presented to members of parliament, ensuring that the macro-economic perspective and analysis provided is clear and dependable, that engagement with departments continues to be robust and constructive, and sustaining the fiscal stance followed over the years, which has meant that spending could be increased even during a recession.

Part of doing things differently means fully embracing the new outcomes approach in government, led by Minister in the Presidency Collins Chabane.



Pravin J Gordhan
Minister of Finance

We can only do this if we are prepared to engage in social dialogue about pertinent issues, recognising that these affect us all. We have already committed ourselves to dealing with policy issues in an open and transparent manner. We also for the first time dedicated an entire chapter in the budget documents to employment, opening up the space for debate and engagement on what needs to be done to meet this structural challenge. We welcome views on these matters, as this is where concrete and practical solutions will arise.

As we emerge from the recession, focus will now shift from stabilising the economy to longer term policy considerations. Our present policy trajectory will not get us onto the new



growth path needed to drastically improve employment and reduce poverty in our country. We have acknowledged the need for a multidimensional approach, with bold and decisive action from government in partnership with business and labour. Policy objectives for a new growth path include making the economy more labour-absorptive, raising productivity, boosting exports and promoting investment, as well as improved education, health and training outcomes. It will undoubtedly require difficult choices to be made, and even with successful implementation of policies, we must recognise that economic change will take time. We will not let this deter our efforts.

Alongside the charting of a new path for the country, we have also made a clear commitment to ensuring the proper management of public finances, and have stepped up efforts to fight the scourge of fraud and corruption. The task-team established to investigate tender and procurement processes continue to make headway in prosecuting those involved in illegal dealings, and will intensify efforts in the period ahead.

In the aftermath of the global financial crisis, the world economy is grappling too with the need to develop new approaches and ensure more balanced and inclusive growth. South Africa continues to be a key player in the international arena and will ensure that the voice of Africa and that of developing countries more broadly, is heard. South Africa supports the initiatives of the Financial Stability Board to improve the architecture of the financial regulatory system, and mechanisms to improve collaboration and co-ordination between countries.

Preparations for the FIFA 2010 World Cup have contributed to boosting economic activity and driving infrastructure development, and the event itself is likely to see further benefits to our economy. To date, government has spent R33 billion in preparation for the tournament, which is expected to contribute about 0.5 per cent of GDP growth this year alone. Importantly, South Africa already stands ready to pull off a world-class event.

The next few years are full of opportunities to restructure the South African economy and ensure jobs, poverty and growth are our focus in order to create a just society.

Pravin J. Gordhan
Minister of Finance



OVERVIEW OF THE ACCOUNTING OFFICER

South Africa has weathered the storm

The 2010/11 update of National Treasury's strategic plan takes stock of conditions associated with a recovering economy. According to the recently released World Bank Global Economic Prospects report, it will take between five and fifteen years for the world to recover ground lost during the recession of 2008. The report also identifies the opportunity present for developing countries to make more progress than their developed counterparts if the correct steps are taken. South Africa has exited its recession somewhat scarred, but bolder than before. Our courageous history as a nation does not allow us to cower in a corner when disaster strikes. As a country, we took bold decisions early on and pursued a prudent fiscal framework. The resilience shown by our economy during the difficult period just traversed is proof that our efforts to build a strong and stable economy have paid off. It has allowed us to confront our challenges head-on and continue to deliver on our objectives.



Lesetja Kganyago
Director-General:
National Treasury

To a large extent our public infrastructure programme provided an essential stimulus to the economy during the recession. Not only has the spending boosted economic activity, it also represents an investment in the future growth of our economy. This is why proper planning, budgeting and execution in this area is important. The National Treasury's Infrastructure Delivery Improvement Programme will continue to assist provincial departments such as health, education and public works in planning their infrastructure programmes. The overall public sector budget for infrastructure in the next three years is R845 billion and we must continue to ensure that not a cent of this amount goes to waste.

We cannot as a nation downplay the very human consequences of the hundreds of



thousands of jobs lost during the recession. This has had direct and multiple effects on thousands of households, and demands the concentrated efforts of all sectors to restore the dignity of those who lost their jobs by rapidly rebuilding our economy.

We have also identified areas that demand our urgent attention, including the issue of youth unemployment. South Africa faces a structural employment challenge. To build a more inclusive economy the country needs a rapid expansion in employment. This demands a comprehensive policy framework, where job creation is targeted across all sectors and several government programmes. This approach must be a shared priority of government, business and labour, adopted at the highest level and taking into account several complementary imperatives such as aligning wage growth to productivity growth, and ensuring that workers are not intentionally or unintentionally discriminated against in their search for work by practices, regulations or laws.

The team of professionals at National Treasury continues to push the boundaries and has set itself very bold targets over the next three years. Since the government savings and reprioritisation drive was launched last year, over R23 billion worth of savings has been identified across all levels of government. This has helped in funding urgent and priority areas in the public sector. There is commitment to finding more savings and to continue to use funds efficiently, eliminating wastage.

We completed the review of development finance institutions (DFIs) in 2008. These institutions continue to play a constructive role in broadening economic participation, providing increased access to loan finance that helps businesses survive difficult economic times and supports our country's development agenda. In the period ahead, we will continue to provide support to these institutions in implementing their mandates.

Our counter-cyclical fiscal stance allowed us to increase borrowing to maintain spending during the recession. While this has resulted in increased debt costs, we are committed to bringing these down over time and maintaining fiscal sustainability.

Government has in place 57 transversal term contracts costing R16 billion annually. The Treasury has firmly established its commitment to properly managing these tenders and ensuring that rules are adhered to. In other efforts to reduce fraud and corruption, we have recently established a specialised audit services unit. This unit will focus on developing fraud detection guidelines for supply chain management processes and providing fraud awareness and investigative capacity to departments.

Social security and retirement reform continue to feature strongly in the work to be undertaken in the period ahead with some phased implementation of social security reforms and retirement industry amendments being mooted. Currently, nearly 14 million



South Africans benefit from social assistance transfers, with more than 9 million grants for households with children. This offers an immediate source of income support for poorer households.

Over the next three years and as mandated by the PFMA, National Treasury will remain at the centre of policy formation in government and will continue to drive major policies on which the growth and development of this country depend. While the period ahead will be tough and requires hard work and dedication, I continue to believe in the abilities of the team at National Treasury. Theirs has always been a tall order, but one on which they have consistently delivered.

Lesetja Kganyago
Director-General



PROGRAMME OVERVIEW

Summary of programmes and measurable objective tables

There are nine programmes which fall under Vote 9: National Treasury in the 2009/10 Estimates of National Expenditure. The strategic objectives of the programmes remain largely unchanged from those tabled in our Strategic Plan 2009/12. In this synopsis we have highlighted some of the important work to be undertaken in each programme. This overview also provides updated measurable objectives tables for each programme over the three years.

Programme 1: Administration

This programme provides strategic management and administrative support to the entire department. *Corporate Services* will play a strategic role in developing and implementing an efficient client relations strategy that meets the needs of the department. It will also continue the drive to attract and retain young graduates as part of the talent management strategy. In an effort to further improve governance in the department, a *Risk Management* unit has been established in the Office of the Director-General.

Programme 2: Public Finance and Budget Management

This programme comprises three divisions, namely *Public Finance*, the *Budget Office* and *Intergovernmental Relations*. These divisions provide a collective focus on preparing the annual budget, following consultations with government departments, agencies, provinces and municipalities. This programme also provides professional advice and support to the Minister of Finance on fiscal and public finance matters.

The *Public Finance* division is National Treasury's primary link with all national departments and other government entities for planning, budgeting and expenditure monitoring. The division also provides support to the interdepartmental task team on social security and retirement reform, and coordinates the department's work on social security and health financing reforms.

The *Technical and Management Support* component will become a centre of excellence with advanced knowledge of government operations. Services to be rendered by this component have not changed, with broad themes ranging from programme and project management to transaction advice for public-private partnerships.



The *Budget Office* coordinates the national budget process, provides fiscal policy advice, oversees expenditure planning, leads the budget reform programme, manages official development assistance and compiles public finance statistics, including coordinating resource allocation to meet the priorities set by government. The division continuously improves the quality and usability of budget documents such as the budget review and estimates of national expenditure.

The changed economic environment means that government has to be more careful about how it allocates resources. Resources need to be allocated to ensure that economic growth and social development are sustained, while also helping to lessen the effects of slower economic growth. It also allows government to be more effective in ensuring greater value for each rand spent.

Intergovernmental Relations co-ordinates fiscal relations between national, provincial and local government, and promotes sound provincial and municipal budgetary planning, reporting and financial management. The division also prepares all grant allocations for provincial and local government budgets, including the annual Division of Revenue Bill published as part of the national budget.

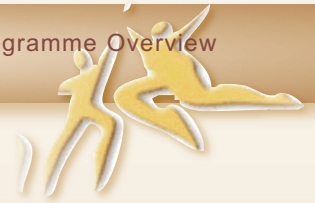
The division also monitors the implementation of provincial and municipal budgets. The division works closely with 17 non-delegated municipalities that constitute 85 per cent of municipal budgets. It also publishes quarterly spending numbers with the expectation that legislatures will use such information to hold departments and municipalities accountable for their performance.

The division works closely with provincial treasuries to achieve stable provincial finances. Budget and monthly reporting systems are now deeply rooted in the provinces, and reforms continue with the development of uniform sector budgets and strategic plan formats, allowing for more comparability between provinces. Further improvements include the development of performance indicators for each sector and more uniform annual reports. Similar reforms are planned for municipal budgets.

With the large increase in provincial and municipal infrastructure budgets, a main focus over the medium term will be to modernise and improve the system of infrastructure delivery. The *Infrastructure Delivery Improvement Programme* (IDIP) continues to be rolled out to key provincial departments involved in infrastructure, such as education, health, roads and public works.

Programme 3: Asset and Liability Management

Asset and Liability Management manages government's asset and liability portfolio in a manner that ensures prudent cash management, asset restructuring, financial management and optimal management of the government's domestic and foreign debt portfolio.



Given the recession the economy faced, the country's borrowing requirements increased. Subsequently, our borrowing needs have risen to around R 175 billion for the 2010/11 financial year. This implies an increase in our debt service costs for the period ahead. The division will continue to manage these costs in a sustainable manner so that they decrease over the MTEF.

Programme 4: Financial Management and Systems

Financial Management and Systems regulates and oversees public-sector supply-chain management. It also ensures the use of standardised financial systems in the national and provincial government spheres.

The *Specialist Functions* division continues to monitor compliance to supply chain principles in government. Government has in place 57 transversal term contracts costing R16 billion annually, and the division continues to ensure that these are properly managed.

Programme 5: Financial Accounting and Reporting

Financial Accounting and Reporting promotes accountability to the general public by promoting transparency and effectiveness in the delivery of services. It sets new government accounting policies and practices, and improves on existing ones, to ensure compliance with the standards of generally recognised accounting practice (GRAP) and prepares consolidated financial statements. Improving timeliness, accuracy and efficiency of financial reporting remains one of the key responsibilities of this programme.

A programme will be introduced for chartered accountants and other accountants in government. The aim is to train over 65 participants over the three years.

In addition, the *Specialised Audit Services* unit has been established to provide fraud awareness and investigative capacity to departments. It will also develop fraud detection guidelines to strengthen the fight against tender related corruption and fraud.

Programme 6: Economic Policy and International Financial Relations

Economic Policy and International Financial Relations provides specialist policy analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector, regulatory reform, regional integration, international development policy and financial relations.

There are three divisions namely: *Economic Policy, Tax and Financial Sector Policy* and *International and Regional Economic Policy*.



Economic Policy plays a central role in formulating and coordinating growth-enhancing policies that strengthen employment creation. Work over the next three years will focus on modelling and analysis to assess the impact of the global economic crisis and microeconomic reform on domestic growth prospects. It also provides policy advice on macroeconomic developments, international economic developments and microeconomic issues, including regulatory impact assessments. This is done through policy analysis, scenario testing and producing macroeconomic forecasts, particularly on growth, the external account and inflation. These forecasts inform economic policy, the fiscal framework, tax forecasts and the debt management strategy. The division sets out the macroeconomic perspective for the economy over the medium-term expenditure framework (MTEF).

Tax and Financial Sector Policy advises the Minister of Finance on tax policy issues arising in all three spheres of government. The design of tax instruments that can raise revenue is the responsibility of this division. There is close cooperation between this division and the South African Revenue Service in designing tax policy and consultation with business, labour and the general tax-paying public.

In respect of financial policy the division designs the legislative framework of the financial sector. It works closely with regulatory agencies such as the Financial Services Board (FSB), Banking Supervision and Financial Surveillance (Exchange Control) departments of the South African Reserve Bank (SARB), and the Financial Intelligence Centre (FIC). It liaises with the SARB and FSB on matters related to bank supervision, financial stability and the national payments system.

International and Regional Economic Policy promotes reform of the IMF and the World Bank. It also facilitates participation on topical issues at the G20, such as international development policy and global financial stability. The division ensures that South Africa encourages multinational financial institutions to seek innovative solutions for poverty alleviation, and promote regional and African growth and development. It focuses on African development, including the role of the African Development Bank, the African Union and United Nations Economic Commission for Africa. It also aims to foster regional integration by participating in the Southern African Development Community, Southern African Customs Union (SACU) and Common Monetary Union. The division is currently finalising an agreement on a new revenue-sharing formula in SACU.

Programme 7: Provincial and Local Government Transfers

This programme will continue to facilitate the transfer of grants to both provinces and municipalities. These are the provincial infrastructure grant, and the local government financial management grant to municipalities. The Infrastructure Delivery Improvement Programme will also continue to assist with improving infrastructure delivery management systems in provinces.



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

The programme's main responsibility is the payment of benefits and awards to beneficiaries of departments, state-aided bodies and other entities in terms of various statutes, collective-bargaining agreements and other commitments.

It is expected that delivery on this programme will change over the medium-term as a result of the establishment of the Government Pensions Administration Agency (GPAA).

Programme 9: Fiscal Transfers

This programme transfers funds to other countries, multilateral and domestic institutions and public entities, including international development institutions of which South Africa is a member. Once funds are transferred there is no direct accountability to National Treasury. Recipients are accountable directly to Parliament.

Recipients include:

Eskom, Financial and Fiscal Commission, Secret Services Account, Financial Intelligence Centre etc.



ORGANISATIONAL ENVIRONMENT

The National Treasury has consistently ensured that its organisational structure is kept updated and relevant to delivering on its key focus areas. The department's organisational structure has over the years expanded in an organic and demand-driven fashion. Additionally, four internal strategic priorities were identified as critical to delivery, namely:

- Improving coordination and communication;
- Matching resources to workloads;
- Developing human resources strategies to address recruitment and retention challenges; and
- Developing management skills

Focus has been on internal reorganisation of the department, including further developing employee skills, together with improving the working environment, and reorganising the means for greater collaboration between individuals and divisions. This process was undertaken in an inclusive and transparent manner over a protracted period of time.

Our previous strategic plan update described the new groups created within the department for knowledge-sharing and enhanced internal coordination. These groups have now been further entrenched in the organisation. Quarterly performance reviews are now alternated between the divisions and the groups. This clearly communicates the recognised importance of teamwork and wider consultation in making holistic decisions routinely. Group coordinators have been appointed from within our senior management cadre, and their performance agreements will be adjusted to reflect their role in coordination on various fronts. The National Treasury assisted with establishing the Government Pensions Administration Agency (GPAA), which will administer pensions and fund contributions on behalf of the Government Employees Pension Fund (GEPF). The GPAA will be a government component with the Minister of Finance as the executive authority.

The establishment of a component dedicated to providing technical and management support to the rest of government was delayed during the 2009/10 financial year for various reasons, and its establishment will now be treated as a priority. It represents the final strategic aspect of our original reorganisation plan and will effectively allow the National Treasury to focus on regulatory and financial management activities. This adjustment recognises the value of technical and management support presently being rendered to government. It will fortify this support, and promises to become a centre of excellence with advanced knowledge of government operations at its core. The envisaged services to be



rendered by this component have not changed, with broad themes ranging from programme and project management to transaction advice for public-private partnerships.

The National Treasury fully recognises that the changing international and domestic economic environments, election of our fourth democratic government, and changes to government coordination systems will all have implications for its organisational environment. We will continue to examine these and make the necessary changes to remain relevant and focused on deriving more value from government's financial resources. At the same time, we will make every effort to ensure that the internal environment remains stable and conducive for our highly productive individuals and teams. The aims of preserving an agile, sustainable and adaptive National Treasury will not be compromised by the multitude of environmental changes in our midst. Rather, they will be recognised and factored into our plans going forward.



MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS

Programme 1: Administration

Measurable objective: To ensure effective leadership, management and administrative support to the department through the continuous refinement of organisational strategy and structure, in compliance with appropriate legislation and best practice.					
Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Minister and Deputy Minister of Finance	Provide parliamentary service to the Ministry and its departments	Quality parliamentary service to the Minister, Deputy Minister and the Director-General	80% satisfaction – assessment system in place	85% satisfaction – assessment system in place	85% satisfaction – assessment system in place
	Ensure that the department adheres to an integrated risk management system	Develop and implement a comprehensive enterprise-wide risk management strategy that promotes and upholds a culture of risk awareness within the department	Enterprise Risk Management Strategy reviewed annually and any changes implemented	Enterprise Risk Management Strategy reviewed annually and any changes implemented	Enterprise Risk Management Strategy reviewed annually and any changes implemented
Management	Ensure a secure and enabling working environment for staff	Providing appropriate physical security for employees and assets Securing the annual budget process	Pilot the Business Continuity Management strategy	Business Continuity Management strategy tested and any necessary changes implemented	Business Continuity Management strategy tested and any necessary changes implemented
	Provide an effective internal audit unit	Develop and implement a risk based annual and three year audit plan in consultation with stakeholders	Fraud Prevention Plan reviewed annually and any changes implemented	Fraud Prevention Plan reviewed annually and any changes implemented	Fraud Prevention Plan reviewed annually and any changes implemented
			Ongoing	Ongoing	Ongoing
			Secure MTBPS and budget day	Secure MTBPS and budget day	Secure MTBPS and budget day
			70% client satisfaction achieved 70% Audit Committee satisfaction achieved	80% client satisfaction achieved 80% Audit Committee satisfaction achieved	90% client satisfaction achieved 90% Audit Committee satisfaction achieved



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone	
Corporate Services	Efficient HR function	Develop, implement and maintain an integrated, progressive and innovative HR strategy	Efficiency increased to 50%	Efficiency increased to 70%	Efficiency increased to 100%	
		Roll out of the talent management programme	Acquisition process initiated and rolled out to 70% of the department	Review the effectiveness of the talent management programme	100% of the Talent Management Framework implemented	
	Ensure an integrated business solutions approach to improve knowledge management	Creation of a stabilised cost effective ICT infrastructure to accommodate the strategic business objectives	Approved enterprise architecture baseline	Align 25% of business process	Implement 35% of ICT operational plan	Implement 70% of ICT operational plan
		Develop a platform where information can be deposited and shared (knowledge sharing platform)	Revised and approved ICT operational plan	Implement 35% of ICT operational plan		
	Sound financial management and governance according to best practice	Progressive development of analytical reporting and enhancing management accounting	Develop a platform where information can be deposited and shared (knowledge sharing platform)	Piloted with 40% of users	Implemented with 80% of users	Implemented with 100% of users
			Financial governance compliance and sound control environment	Changes to the in-year monitoring tool to improve turnaround reporting from 6 days to 2 days Report on the assessment of implementation of policies on a quarterly basis	Reduce by 80% the findings on compliance by Internal Audit and Auditor General resulting in unqualified audit report	Reduce by 90% the findings on compliance by Internal Audit and Auditor General resulting in unqualified audit report
Ensure that all statutory reporting regulations and deadlines are met			31 March 2011	31 March 2012	31 March 2013	



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
	Develop and maintain a sound supply chain management strategy	Strategic supply chain principles implemented	60% implemented	100% implemented	
		Electronic procurement system implemented	60% implemented	100% implemented	
		Policies and procedures updated for supply chain management principles	Ongoing	Ongoing	Ongoing



MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS

Programme 2: Public Finance and Budget Management

Measurable objective: To promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds				
Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone
Budget Office	Annual budget framework and division of revenue	Integrity of national budget framework	2010/11 Target Milestone MTBPS in October of each year setting out the framework for the Budget, including the vertical division of revenue	2011/12 Target Milestone
	<i>Budget Review</i> , <i>Estimates of National Expenditure</i> , appropriation legislation and public finance statistics	Quality of budget documentation	2010/11 Target Milestone Timely publication, accuracy, scope and quality of content. Improved quality of measurable objectives and selected performance indicators by departments and public entities in the <i>Estimates of National Expenditure</i>	2011/12 Target Milestone
	Expenditure planning and budget process management	Departmental and agency spending plans and submissions to Ministers' Committee on the Budget	2010/11 Target Milestone Improved quality of performance information for departments and public entities used in budget decision making Improved emphasis and focus on savings and cost effective service delivery by departments and public entities. More extensive analysis of baselines of all departments and entities	2011/12 Target Milestone
	Capital expenditure planning and evaluation	Improved quality of capital planning leading to more efficient budget allocations and capital expenditure	2010/11 Target Milestone Rollout of appraisal framework with initial narrow focus, broadening inclusion as capacity develops	2011/12 Target Milestone
				2010/11 Target Milestone Initial implementation of framework, including: Development of a project driven database Changes to regulations (where necessary) Development and publication of appraisal guidelines Continued roll-out and broadening of training
	Official Development Assistance (ODA) resources aligned to and mobilised for government policies and priorities	Alignment of ODA funding decisions with the budget process	2010/11 Target Milestone Focus will be broadened to include economic and rural development	2011/12 Target Milestone Focus will be on employment creation and public service delivery improvement programmes (capacity building programmes)



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Public Finance	Improved programme structure of departmental votes	Supporting departments in improving structuring programmes in departmental votes	Completion of project in support of the correct implementation of guidelines		
	Improved quality and quantity of measurable objectives and trend based performance indicators by departments and public entities	Publication and implementation of a standard operating procedures manual	Introduction of a project that supports the implementation of the standard operations procedures manual	All departments given support on the correct implementation of the standard operations procedures manual	
	Sectoral and departmental policy advice	Timely and relevant analysis and advice	Targeted sectoral studies as part of comprehensive expenditure review		
	Expenditure analysis	Monthly and quarterly monitoring of expenditure; analysis of expenditure trends	Phasing in of consolidated departmental and agency estimates and expenditure reports		
	Medium-term expenditure recommendations	Inputs to the medium term expenditure committee on departmental budget submissions	Improved prior consultation with departments, phasing in of measurable objectives and indicators of service delivery and improved long-term expenditure planning		Improved prior consultation with departments, implementation of new programme structures, including measurable objectives and service delivery indicators
	Social security and retirement reform (jointly with Financial Sector Policy - Programme 6)	Policy framework and implementation road-map	Phased implementation of contributory social security reforms and retirement industry legislative amendments		
	Comprehensive public expenditure review (in consultation with Intergovernmental Relations and Budget Office)	Overview paper on expenditure priorities and options for savings to be considered in 2011 budget process	Sectoral expenditure reviews compiled in consultation with Presidency and line departments		



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Intergovernmental Relations	Provincial budget framework	Integrity of the framework: fiscal sustainability, structure and trends in fiscal indicators	Provincial budget framework finalised by September of budget planning year		
	Local government budget framework	Integrity of the framework: fiscal sustainability, structure and trends in fiscal indicators	Local government framework finalised by September of the budget planning year		
	Preparation of the Division of Revenue Bill and accompanying explanatory memorandum and implementation of the Act	Timely publication and quality of the Division of Revenue Bill and explanatory memorandum (Annexure W1)	Tabled on budget day, with no errors		
	Support provincial government with: Financial management reforms Service delivery	Number of provincial departments in which financial management programmes and reforms are implemented in terms of the Public Finance Management Act (PFMA)	Financial management reforms implemented in 40 provincial departments	Financial management reforms implemented in 51 provincial departments	Financial management reforms in all provincial departments
	Support municipal government with: Infrastructure planning Service delivery	Number of municipalities in which infrastructure planning and service delivery initiatives are implemented	Implementation programme extended to 15 municipalities	Implementation programme extended to 12 municipalities	Municipal infrastructure delivery support in the top 27 municipalities (6 metro's and 21 secondary cities)
	Building further capacity in budget formulation and budget analysis	Number of officials trained	500 officials on both the budget formulation and budget analysis courses per year	500 officials on both the budget formulation and budget analysis courses per year	PALAMA will take over the responsibility from 1 April 2012 National Treasury will continue to develop and update the training materials
	Roll out Municipal Budget and Reporting Regulations	Number of municipalities complying with new formats	Budgets of 283 municipalities in accordance with formats	Budgets of 283 municipalities in accordance with formats	Budgets of 283 municipalities in accordance with formats and focus on quality and narrative information
	Funding compliance methodology implemented in line with Sections 17 and 18 of the MFMA	Number of municipalities using the methodology	Apply to 17 non-delegated municipalities	Oversee application of the methodology to all other municipalities by provincial treasuries	
	Development of a standard chart of accounts for municipalities	Project progress against plan	Piloting of chart with selected municipalities	Regulating chart and implementation	Manage and monitor implementation of chart



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
	Provincial and local government Budget and Expenditure Reviews	Quality and scope of reviews	Publish updated provincial data in June	Publish <i>Provincial Government Budget and Expenditure Review</i> by end of August	Publish updated provincial data in June
	Publication of provincial and local government expenditure reports in terms of the PFMA (section 32) and MFMA (section 71) and DORA (Section 44(3))	Timely and accurate reports	Publish <i>Local Government Budget and Expenditure Review</i> by end of August	Publish updated local government data in October	Publish <i>Local government Budget and Expenditure Review</i> by end of August
Technical and Management Support			Publish provincial quarterly reports a month after the end of the quarter	Publish municipal reports 45 days after the end of each quarter	
		Coverage and reliability of municipal information	Maintain coverage at 283 municipalities	Improve reliability of data	
	Infrastructure delivery improvement programme	Technical Assistants deployed in targeted provincial departments	Technical support given to three departments (education, health, public works) in all nine provinces		
		Timely submission of infrastructure plans by provinces that comply with guidelines developed by National Treasury	Infrastructure plans for targeted departments comply with Division of Revenue Act requirements		
	Project management support	Number of projects	73 technical assistance projects to improve the efficacy of government institutions	80 technical assistance projects to improve the efficacy of government institutions	90 technical assistance projects to improve the efficacy of government institutions



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Public Entities Governance Unit	<p>Oversight of national government funding to institutions implementing 2010 FIFA World Cup projects</p>	<p>Compliance with financial management legislation, practices and procedures</p>	<p>Oversee, monitor and report on expenditure of national government funding to institutions implementing 2010 FIFA World Cup projects</p>	<p>Project phased out</p>	
	<p>Neighbourhood development projects that attract private sector investment into townships</p>	<p>Number of projects granted award status</p>	<p>100</p>	<p>100</p>	<p>100</p>
	<p>Public Private Partnership agreements</p>	<p>Number of projects where construction has commenced</p>	<p>35</p>	<p>40</p>	<p>50</p>
		<p>Increased PPP oversight capacity</p>	<p>Provide advisory support to all PPPs in development and implementation, and assist National Treasury in regulation function</p>		
		<p>Number of hospital PPP projects completing feasibility studies</p>	<p>Two projects</p>	<p>Two projects</p>	<p>Two projects</p>
		<p>Number of hospital PPP projects reaching financial close</p>	<p>One project</p>	<p>Two projects</p>	<p>Two projects</p>
	<p>Legislative reform in governance and financial management issues</p>	<p>Amendments to PFMA and Treasury Regulations</p>	<p>Sound regulatory environment and consistency in governance, human resource management and financial management in the public sector, including 'extra-budgetary' entities</p>		
	<p>Deepen the principles of governance and accountability in public entities, government agencies and departmental business enterprises. Institutionalise budgeting, reporting and change management processes</p>	<p>Implement a governance and financial management monitoring and compliance system for government agencies, public entities and departmental business enterprises</p>	<p>Sustained sound planning, budgeting, governance and financial management in government agencies and public entities</p>		



MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS Programme 3: Asset and Liability Management

Measurable objective: Ensure prudent cash and financial management, oversight of state-owned entities and optimal management of the state's domestic and foreign debt			
Subprogramme	Output	Measure/Indicator	2010/11 Target Milestone
Governance and Financial Analysis	Strengthen financial oversight over Development Finance Institutions (DFIs)	Reporting and resolving DFI issues regarding cost effectiveness, development effectiveness and financial sustainability	<p>2011/12 Target Milestone</p> <p>Annually report on the review of corporate plans and financial statements to ensure financial sustainability and alignment with mandates</p> <p>Monitor and report on achievement of targets (shareholder compact) by the Land Bank and Development Bank of Southern Africa</p> <p>Provide advice and commentary on all DFI related matters</p> <p>2012/13 Target Milestone</p> <p>Provide support to DFIs in the implementation of mandates</p> <ul style="list-style-type: none"> • Analyse all DFI related applications • Annually report on achievements of monitoring and evaluation targets • Support the implementation of the DFI policy once approved by Cabinet
			<p>2010/11 Target Milestone</p> <p>Provide support to DFIs in the implementation of mandates</p> <ul style="list-style-type: none"> • Analyse all DFI related applications • Facilitate the establishment of the DFI Council • Facilitate the establishment of the monitoring and evaluation framework for DFIs • Facilitate the approval process of the DFI policy by Cabinet
	Promote appropriate treasury management policies and practices in SOEs and major municipal treasuries (metros)	Adherence to treasury guidelines by SOEs and metros	<p>2010/11 Target Milestone</p> <p>Conduct reviews of SOEs with new treasuries after six months of operation and compile individual reports within a month after each review</p> <p>2011/12 Target Milestone</p> <p>Follow up appraisal of previously reviewed SOE treasuries and compile individual reports on progress regarding recommendations within a month of each review</p> <p>2012/13 Target Milestone</p> <p>Assist two SOEs to establish treasury operations and conduct follow up reviews of new treasuries after six months of operation</p> <p>Conduct treasury appraisal on two priority SOEs and produce individual reports within one month of each review</p>



Subprogramme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
			Review three major metros (Cape Town, Durban and Johannesburg) and compile individual reports within a month of the review	Follow up reviews of the three major metros and compile individual reports on progress regarding recommendations within a month of the review Review three major metros (Tshwane, Ekurhuleni and Nelson Mandela metro)	Follow up reviews of the three major metros and compile individual reports on progress regarding recommendations within a month of the review
	Coordinate borrowing programmes of SOEs	Compilation of borrowing calendar and consolidated maturity profile	Quarterly meetings with SOEs to update borrowing programmes Annual publication of borrowing calendar by March Quarterly report on SOEs capital expenditure and borrowing programmes 67% (12 SOEs) completed	Quarterly meetings with SOEs to update borrowing programmes Annual publication of borrowing calendar by March Quarterly report on SOEs capital expenditure and borrowing programmes 100% (19 SOEs) completed	Annually monitor and report on implementation of capital structures and dividends by SOEs
	Determine optimal capital structure and appropriate dividend policies for SOEs	Benchmark to determine appropriate target capital structure for SOEs			
	Shareholder compliance	Compliance with Public Finance Management Act and Report on Governance for South Africa 2009 Financial oversight over SOEs			
Sectoral Oversight	Strengthen financial oversight over Schedule 2 and 3B entities	Financial oversight over SOEs	Standardised processes implemented for assessing and monitoring guarantees and evaluating Section 54 applications Review PFMA applications and applications for guarantees as received Review water and electricity price applications in terms of Section 42 of the MFMA and provide comments Ongoing monitoring of SAA, Denel and SABC, including monitoring compliance with guarantee conditions and providing semi-annual updates to the Minister and Cabinet	Annual report on review of corporate plans and financial statements	



Subprogramme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone	
Liability Management	Develop policy framework within which SOEs are managed	Report on funding model and administered prices	Review of funding model for capital expenditure in electricity, transport and water sectors	Review of administered prices/regulatory model for electricity, water pipelines, aviation	Review of administered prices/regulatory model for electricity, water pipelines, aviation	
	Restructuring of SOEs to improve performance and efficient use of government resources	Progress on restructurings	Participate in the review of SOEs and provide input to the inter-ministerial committee on SOEs for which terms of reference have been developed	Participate in the review of SOEs and provide input to the inter-ministerial committee on SOEs for which terms of reference have been developed	Participate in the review of SOEs and provide input to the inter-ministerial committee on SOEs for which terms of reference have been developed	
Liability Management	Finance government's gross borrowing requirement	Annual total government borrowing needs fully met	Gross issuance of R191.7 billion	Gross issuance of R184.1 billion	Gross issuance of R195.6 billion	
	Sound domestic and foreign debt management policies	Enhanced liquidity	Concentrate issuance in benchmark bonds.	Concentrate issuance in benchmark bonds.	Concentrate issuance in benchmark bonds.	
	Manage debt service cost	Active debt management	Scrip lending and repo facilities	Scrip lending and repo facilities	Scrip lending and repo facilities	
	Contribute to the development of financial markets	Maintain debt service cost as percentage of GDP at sustainable levels	Buyback and switches/exchanges in domestic debt to reduce loan redemptions by R8 billion (2011/12) and R35 billion (2012/13)	Buyback and switches/exchanges in domestic debt to reduce loan redemptions by R8 billion (2011/12) and R35 billion (2012/13)	Buyback and switches/exchanges in domestic debt to reduce loan redemptions by R8 billion (2011/12) and R35 billion (2012/13)	
	Sound investor relations	Retain current investors and attract new ones	Diversification of funding instruments	2.6% of GDP	3.0% of GDP	3.2% of GDP
				Domestic funding in fixed-income, inflation-linked and retail bonds, floating rate notes and treasury bills. International funding through capital market and export credit agency loans	Domestic funding in fixed-income, inflation-linked and retail bonds, floating rate notes and treasury bills. International funding through capital market and export credit agency loans	Domestic funding in fixed-income, inflation-linked and retail bonds, floating rate notes and treasury bills. International funding through capital market and export credit agency loans
			Conduct two domestic and two foreign roadshows	Conduct two domestic and two foreign roadshows	Conduct two domestic and two foreign roadshows	
			Timely dissemination of reliable information	Timely dissemination of reliable information	Timely dissemination of reliable information	



Subprogramme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Financial Operations	Sound cash forecasts	Government's liquidity requirements met every time	Forecasting R2.5 trillion of cash flows	Forecasting R2.7 trillion of cash flows	Forecasting R2.9 trillion of cash flows
	Optimise return on investments subject to credit limits	Investment of surplus cash at market-related rates	Quarterly analysis and review of investment rates		
	Optimise use of public sector cash	Public sector cash coordinated	Ongoing broadening of the coordination of public sector cash		
	Annual financial statements and market reports	Saving on borrowing cost by national and provincial governments	Saving of up to 3% on borrowing costs compared to borrowing from commercial banks		
Strategy and Risk Management	Treasury management systems	Timely and accurate reporting	Compliance with PFMA reporting requirements regarding annual financial statements	Implementation of the foreign debt module on the new back office system	Implementation of the money market module on the new back office system
	Minimise and mitigate risks emanating from government debt portfolio (market risk) and from the investment of surplus cash	Reliable, automated and integrated systems to be implemented	Timely dissemination of reliable market information	Implementing and actively managing the revised systems integration strategy	
	Manage contingent liabilities appropriately	Performance against benchmarks:	Review of strategic benchmarks of 70/30 fixed versus non-fixed rate domestic debt and 20-25% maximum foreign debt exposure as a percentage of total debt	Implement and monitor strategic benchmarks	Quarterly review of performance against benchmarks
		<ul style="list-style-type: none"> Non-fixed versus fixed debt Foreign debt versus domestic debt 	Adherence to surplus cash benchmark investment ratios and total limits per counterparty	Annual review of investment ratios and limits per counterparty	Semi-annual reports on adherence to ratios and limits
	Minimise and mitigate sovereign credit rating risks	Quantitative indicators of sovereign risk	Semi-annual sovereign credit rating reviews		
	Manage contingent liabilities appropriately	Capping total government debt plus contingent liabilities as a percentage of GDP	Review and monitor benchmark of net government debt and contingent liabilities not exceeding 50% of GDP		



MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS

Programme 4: Financial Management and Systems

Measurable objective: To regulate and oversee public sector supply chain management and standardise the financial systems of national and provincial government			
Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone
Supply Chain Policy	Overall user requirement statement (URS) and updated supply chain management (SCM) URS	Maintain and enhance URS	Ongoing
	Implement item identification policy	Implementation of item identification at lead sites	Roll out to rest of departments
	Establish corporate reference data functionality	Establish URS repository	Ongoing enhancements and maintenance
	Introduction of strategic sourcing principles to all spheres of government	Roll out strategic sourcing principles to the public sector and assist institutions with implementation	40 national departments 4 provincial treasuries 4 constitutional institutions 20 high capacity municipalities Introduce strategic sourcing principles to 32 medium capacity municipalities and 38 low capacity municipalities in conjunction with the relevant provincial treasuries
Norms and Standards	SCM compliance monitoring and combating SCM related corruption	Extent of compliance to SCM procedures and prescripts	Operationalise the SCM compliance monitoring unit
	Roll out revised SCM framework	Administration of grievance mechanism	Ongoing investigation of SCM related grievances
	Align preferential procurement with the aims of the BBBEE Act and its related strategy	Successful implementation throughout government	Issue at least four practice notes for implementing the revised SCM framework
		Extent of alignment	Issue SCM framework to align Preferential Procurement Policy Framework Act with BBBEEA by July 2010
			42 medium capacity municipalities Introduce strategic sourcing principles to a further 32 medium capacity municipalities and 38 low capacity municipalities in conjunction with the relevant provincial treasuries
			Ongoing support through training Increase training capacity through the accreditation of service providers
			Ongoing maintenance and enhancement
			Ongoing enhancement and revision of the SCM framework
			Issue SCM framework in terms of the revised PFMA
			Ongoing implementation and enhancement of the revised SCM Framework



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Contract Management	Facilitate and manage transversal term contracts	Number of transversal term contracts facilitated per year	30 transversal term contracts due for renewal during 2010/11 out of a total of 57 transversal term contracts	31 transversal term contracts due for renewal during 2011/12 out of a total of 57 transversal term contracts	26 transversal term contracts due for renewal during 2012/13 out of a total of 57 transversal term contracts
	Apply strategic sourcing to enhance value for money applicable to all transversal term contracts	Number of transversal term contracts on which strategic sourcing is applied	Quantify economic benefits for applying strategic sourcing methods to certain strategic transversal term contracts		
Financial Systems	Maintain and support current financial management systems	Percentage availability of systems within working hours	98% availability of systems during working hours		
	Roll out the Integrated Financial Management System (IFMS)	Implement lead solutions	Implement the Asset Management Module in the following departments: NT DoD Limpopo (4 provincial departments)	Implement the Asset Management Module in national and provincial departments	
			Implement the Procurement Management Module in: NT DoD	Implement the Procurement Management Module in national departments	Implement the Procurement Management Module in provincial departments
			Implement the Human Resources Management Module in: DPSA FS DoE	Implement the Human Resources Management Module in national departments	Implement the Human Resources Management Module in provincial departments
		Implement Business Intelligence (BI) Solution Implement inventory management modules Implement payroll	Implement other SCM modules Implement financial management modules		



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
	Contract system development partners	Develop IFMS in-house solutions	Develop a BI platform Develop a payroll module develop inventory management module	Develop other SCM modules Develop financial management modules	Develop budget and MTEF management modules
	Develop an approach for data migration	Successful data migration or system switch-over	Migrate departments to completed IFMS modules	Migrate departments to completed IFMS modules Retire Legacy systems that are successfully migrated	
	Create a user support capacity at SITA	Establish an IFMS User Support Centre Accreditation programme for implementation and training partners	Set up a call centre for IFMS Develop accreditation criteria for implementation and training partners	Accredit Implementation and Training Partners	



MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS

Programme 5: Financial Accounting and Reporting

Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector				
Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone
Technical Support Services	Develop an annual financial statements reporting pack for national and provincial departments	Timeous publication	2011/12 reporting framework published by 31 March 2011	2012/13 reporting framework published by 31 March 2012
	Develop accounting manuals for GRAP standards	Timeous publication	31 March 2011	31 March 2012
	Contribute towards developing of local and international standards on accounting, auditing and risk management	Attendance at meetings and reports produced Percentage of comments accepted by International Public Sector Accounting Standards Board (IPSASB)	All IPSASB meetings attended and reports submitted within 7 days of attendance 50%	
Accounting Support and Reporting	Align the Cash to Accrual Implementation Plan with the IFMS roll-out plan	Monitor implementation of the IFMS roll-out plan	Ongoing monitoring, refinement and implementation	
	Monthly statements of actual revenue and expenditure for the National Revenue Fund	Timeous publication of accurate reports	Last working day of each month	
	Publish consolidated annual financial statements for national departments, consolidated annual financial information for public entities and publication of annual financial statements for the RDP Fund	Timeous tabling in Parliament	31 October 2010	31 October 2011
	Support to provincial treasuries for preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of GRAP standards	Number of trainees	672 trainees in provincial treasuries, municipalities and public entities	



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Internal Audit Support	Support implementation of audit committee guidelines	Number of workshops	70 workshops	70 workshops	10 workshops
	Conduct internal audit reviews at municipalities	Number of reviews completed	26 municipalities 31 March 2011	26 municipalities 31 March 2012	30 municipalities 31 March 2013
	Report on the status of internal auditing in national and provincial departments and in municipalities	Timely production of reports	January 2011	January 2012	January 2013
	Support for the roll out of the Internal Audit Framework and Guidelines	Number of trainees	1 900 trainees	1 900 trainees	1 500 trainees
Risk Management Support	Support for the roll out of the Public Sector Risk Management Framework	Number of trainees	600 trainees	400 trainees	300 trainees
	Deliver risk management training	Number of officials obtaining the Certificate of Competency in Risk Management per the e-Learning Module	200 officials	300 officials	200 officials
	Risk Management Learnership (RML) implemented	Number of learners in the SAQA accredited programme	15 learners	20 learners	25 learners
	Develop a risk management modelling tool	Project progress	Develop the modelling tool by 31 March 2011	Roll out the tool (50 institutions)	Roll out the tool (50 institutions)
Capacity Building	Implementation of a financial management capacity building mode	Develop a strategy to address financial management staff shortages	June 2010	Monitor and review	
		Develop a financial management capacity building strategy	July 2010	Monitor and review	
		Reports submitted to departments reflecting the identified skills gaps	Reports to 96 departments surveyed by March 2011	Reports to 70 departments surveyed by March 2012	



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
	Academic support programme for Chartered Accountants Academy (CAA) and other accountants in government	Number of participants	15 participants	25 participants	25 participants
	Train CAA stakeholders at participating primary sites	Timeous training of reviewers, supervisors and mentors	30 September 2010	30 September 2011	30 September 2012
	Conclude memorandum of understanding (MOU) with CAA participating primary sites	Signing of MOU with participating primary sites	30 November 2010	30 November 2011	30 November 2012
	Implementation of the Financial Management Improvement Programme II (Programme ends in June 2010, closure activities to be concluded by December 2010)	Number of agreed upon projects Timeous implementation of Public Finance Management (PFM) reforms in selected provinces Timeous implementation of PFM reforms in selected municipalities	12 projects 2 provinces. To be completed during the financial year but no later than 30 June 2010 4 municipalities. To be completed during the financial year but no later than 30 June 2010	-	-
Governance Monitoring and Compliance (PFMA Unit)	Review of and amendments to the Public Finance Management Act and Treasury Regulations	Submission of the Public Finance Management Bill to Cabinet	November 2010		
		Revision of Treasury Regulations issued in terms of the PFMA		August 2011	
	Monitor the improvement of financial management in national and provincial institutions	Reports to Standing Committee on Public Accounts and to the Standing Committee on Finance on progress made with the improvement of financial management in terms of the financial management capability maturity model Report to Cabinet on the audit outcomes of national and provincial PFMA compliant institutions	August 2010 November 2010	August 2011 November 2011	August 2012 November 2012



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
MFMA Implementation	Enhance coordination across government for effective implementation of MFMA	An agenda that ensures alignment of activities of departments consistent with agreed priorities	Quarterly meetings convened and resolutions implemented. Follow up visits to 4 provinces and 10 municipalities	Quarterly meeting convened and resolutions implemented. Follow up visits to 4 provinces and 15 municipalities	Quarterly meeting convened and resolutions implemented. Follow up visits to 4 provinces and 20 municipalities
	Assess financial management skills in municipal budget and Treasury offices	Reports produced on financial management skills in municipalities	November 2010	November 2011	November 2012
	Respond to enquiries, comments, advice and support towards implementation of the MFMA	Timeous responses	Finalise responses within 7 days	Finalise responses within 7 days	Finalise responses within 7 days
	Refinement of financial management indicators for effective monitoring and reporting	Report produced on implementation	March 2011	March 2012	March 2013
	Review of MFMA regulations	Timeous publication of reviewed regulations	Draft regulations published by March 2011	Draft regulations published by March 2012	Draft regulations published by March 2013
	Develop supporting guides/tools	Timeous development of guides/tools	March 2011	March 2011	March 2013
	Review and respond to requests for the development of financial recovery plans	Financial recovery plans	Developed recovery plans issued within 90 days		
	Customise a Performance Audit methodology for special audit	Timeous development and approval of the methodology	April 2010	-	-
	Conduct performance audits in targeted entities	Number of entities targeted	4	6	8
	Develop fraud detection guidelines for supply chain management processes	Timeous development of guidelines	November 2010	-	-
Specialised Audit Services	Provide fraud awareness and investigative capacity to departments	Number of workshops conducted on the fraud prevention guidelines	-	11	11
		Number of investigations conducted	4	8	8



MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS
Programme 6: Economic Policy and International Financial Relations

Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector				
Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone
Management and Research	Publish and promote economic research relevant to South Africa	Number of papers published	Publication of research papers or discussion documents on economic growth, job creation, various microeconomic studies, etc. While most papers will be published by academics and researchers through the Economic Research of Southern Africa initiative (ERSA) and Centre for Research into Economics and Finance in Southern Africa (CREFSA), selected papers may be published by the department directly	2012/13 Target Milestone
Financial Sector Policy	Financial stability	Stability of financial system including first-tier banks	<p>Publish proposals to improve effectiveness of the financial regulatory system in South Africa, taking into account G20 recommendations</p> <p>Support financial regulatory agencies to ensure that they perform effectively in regulating the financial sector</p>	Implementing proposals to improve financial regulatory system
	Reform the system of retirement funding, including governance reforms (Jointly with Public Finance – Programme 2)	<p>Protect integrity of the financial system in South Africa</p> <p>Formulation of policy framework and project plan</p>	<p>Support the work of the Financial Intelligence Centre to ensure effective implementation of government-wide strategy on Anti Money Laundering / Combating the Financing of Terrorism</p> <p>Publication of policy framework for retirement reform</p> <p>Publish proposals to improve trustee performance over governance of pension funds</p> <p>Finalisation of proposals published in 2010 Budget to update Regulation 28 of the Pension Fund Act</p>	<p>Support the work of the Financial Intelligence Centre</p> <p>Formulation and passing of appropriate legislation supporting retirement reform</p> <p>Implementation of proposals</p>



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Tax Policy	Promote financial sector transformation and access	Broadened and improved access	Finalise response of government to Banking Enquiry recommendations on bank charges Monitor implementation of the Financial Sector Charter's transformation targets	Monitor implementation of banking enquiry recommendations	
	Promote competition and entry into financial sector	Entry of smaller banks and non-banks, including dedicated and co-operative banks	Table Dedicated Banks Bill in Parliament Support and monitor implementation of the Co-operative Banks Act	Table Deposit Insurance Bill in Parliament	
	Tax proposals and revenue forecasts for the annual budget	High quality chapter (4) in the annual <i>Budget Review</i>	Publication on Budget Day 2011	Publication on Budget Day 2012	Publication on Budget Day 2013
	Investigate options to price carbon, a carbon tax, and/or emissions trading	Mitigate the impact of carbon emissions and address concerns relating to climate change through environmental fiscal reform	Draft policy paper on carbon pricing	Draft legislation on policy proposals	Implement a comprehensive carbon mitigations and adaptation strategy supported by appropriate economic instruments, e.g. a carbon tax
	The taxation of financial instruments, differentiating debt versus equity, as well as limiting excessive debt deductions	Review of strategy to effectively tax financial instruments, limit tax avoidance and create a level playing field in the tax treatment of debt and equity	Publish a discussion document to explore options dealing with the tax treatment of financial instruments, carried interest in private equity transactions and the deductibility of interest payments	Draft first round of legislation to implement approved proposals	Draft first round of legislation to implement approved proposals; implement prior year legislation



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
International Economic Policy and Financial Relations	Complete the conversion of the STC regime into the new Dividend Tax	Implementation of new Dividend Tax	Signing of revised tax treaty protocols	Ratification of revised tax treaty protocols by parliament	Implementation
	Death taxes	Review of all death taxes for simplification and equity	Discussions to be held; possible discussion document	Possible legislation depending on the outcome of prior engagement	
	Tax legislation and amendments	Taxation Laws Amendment Bill	Tabling by June 2010	Tabling by May 2011	Tabling by May 2012
		Interactive Gambling Bill		Tabling by May 2011	
		Initiate a pilot project to rewrite the Income tax Act, or parts thereof	Outline of the proposed rewrite of sections of the Income Tax Act dealing with employment income and depreciations allowances	Concept legislation of new employment income provisions in the Income tax Act	Legislation on employment income for consideration by parliament Concept legislation on depreciation allowances
	Promote Southern African economic integration	Agreement and implementation of a road map for integration and review of SACU revenue-sharing formula	Implement any agreed proposals on regional integration in SADC Finalise agreement on a new revenue-sharing formula in SACU		Implementation of financial and investment protocol (road map) Promote SACU and Common Monetary Area (CMA) as the nucleus for deeper regional and economic integration
	Promote the development of African countries and attainment of Millennium Development Goals	Playing a catalyst role with donor countries and in capacity-building initiatives	Participate in African Development Bank, UN Economic Commission for Africa and Collaborative African Budget Review Initiative		



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Economic Policy	Supporting South Africa's participation in international finance and development policy and institutions, including the IMF, World Bank, G20 and Organisation for Economic Co-operation and Development (OECD), and linking these to national and regional interests	Facilitate engagements between these institutions and the Minister of Finance and National Treasury Provide policy memos and proposals for negotiating positions and discussion points on issues tabled for discussion at various meetings and events Represent the position of the Minister of Finance and the National Treasury at these institutions	Maintain the focus of G20 countries on the challenges facing emerging market and developing countries as a result of the global financial crisis Increase current levels of coordination and cooperation with other emerging market and developing countries particularly through the opportunities offered for this in the G4, G5 and G24, in areas of common interest including reform of the Bretton Woods Institutions, modalities of G20 engagement and OECD outreach Lead in the discussion within the Africa Group 1 constituency about proposals to reform the constituency arrangements and reconfigure the Africa chairs at the World Bank (Phase 1 of reform) Strategy on engagement with the OECD Support the World Bank's efforts to ensure a successful International Development Association (IDA) replenishment in 2010 given the risk of reduced official development assistance from donors as a result of the global financial crisis	Maintain the focus of G20 countries on the challenges facing emerging market and developing countries as a result of the global financial crisis Increase current levels of coordination and cooperation with other emerging market and developing countries particularly through the opportunities offered for this in the G4, G5 and G24, in areas of common interest including reform of the Bretton Woods Institutions, modalities of G20 engagement and OECD outreach Lead in the discussion within the Africa Group 1 constituency about proposals to reform the constituency arrangements and reconfigure the Africa chairs at the World Bank (Phase 1 of reform) Strategy on engagement with the OECD Support the World Bank's efforts to ensure a successful International Development Association (IDA) replenishment in 2010 given the risk of reduced official development assistance from donors as a result of the global financial crisis	Quality benchmarking and improved coverage and macro and micro issues Quality benchmarking and improved coverage and macro and micro issues Comprehensive in-house macroeconomic analysis and forecasting Budget Day and MTBPS Day
	Economic policy analysis, research, assessment and advice covering economic growth, employment and labour markets, trade and balance of payments dynamics, monetary and exchange rate policies, inflation, credit extension and consumption, investment and savings, industrial sectors, network infrastructure, and development finance institutions Macroeconomic forecasts Macroeconomic perspective and analytics	Quality policy memos and economic assessment of policy proposals with appropriate turnaround times Quarterly economic forecasts and high-quality policy and scenario modelling High quality Chapter 2 of MTBPS, Budget Review and Budget presentations	Institutional development of divisional capacity in macro and micro. Quality benchmarking and coverage of issues Staffing and capacity development for modelling and forecasting Budget Day and MTBPS Day	Quality benchmarking and improved coverage and macro and micro issues Quality benchmarking and improved coverage and macro and micro issues Comprehensive in-house macroeconomic analysis and forecasting Budget Day and MTBPS Day	Quality benchmarking and improved coverage and macro and micro issues Quality benchmarking and improved coverage and macro and micro issues Comprehensive in-house macroeconomic analysis and forecasting Budget Day and MTBPS Day



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
	Speeches, presentations and briefing notes	Speeches and presentations for the Minister, Deputy-Minister and Director-General published on the NT website	Improving speech-writing skills through training initiatives		
	Meetings with investors on the economic outlook	Impact on investor analysis	Made-to-measure analytics prepared for meetings		
	Regulatory impact assessments (RIA)	Number and quality of assessments	Work processes developed and institutional structure put in place	Structure and capacity for technical assistance and quality assurance fully functional	Installed capacity delivering quality assurance for RIAs as per Treasury policy



MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS

Programme 7: Provincial and Local Government Transfers

Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone	
Infrastructure Grant to Provinces	Monitor provincial infrastructure development	Transfers in compliance with conditions	Transfers made in accordance with the Division of Revenue Act			
		Report on compliance, transfers and spending	Quarterly reporting by nine provinces on aggregate infrastructure spending and outputs			
		Improve infrastructure delivery management systems, through implementation of IDIP in provinces	Technical assistance teams appointed to assist education, health and public works departments in nine provinces			
			Technical support will also be extended to national health and education to strengthen sector policy development and oversight capacity			
			Education sector develops and pilots norms and standards for school infrastructure	Education sector implements norms and standards in the planning of school infrastructure	Health sector implements norms and standards (costs, standard designs) in the planning of clinics and hospital infrastructure	
			Timely submission of infrastructure plans by provinces which comply with guidelines developed by National Treasury.			
			Division Revenue will require improvement in the quality of plans with improved information and institutionalisation of sector norms and standards			



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
Local Government Financial Management Grant	Monitor of municipal financial management reforms	Transfers made according to conditions	Transfers made by 31 March 2011 Appoint at least four interns in each of the 283 municipalities (a total of 1 132 interns) Improved reporting in all municipalities	Transfers made by 31 March 2012 Appoint at least five interns in each of the 283 municipalities (a total of 1 415 interns)	Transfers made by 31 March 2013 Appoint at least five interns in each of the 283 municipalities
Progressive implementation of MFMA in all municipalities					

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS

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 entities in terms of various statutes, collective-bargaining agreements and other commitments				
Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone
Civil Pensions and Contributions to Medical Schemes	Payment of pension benefits and contributions to funds (including special pensions)	Timeous and accurate payment of benefits	IOD beneficiaries: 9 045 special pensions beneficiaries: 6 486 Presidents : 2	IOD beneficiaries: 10 060 special pensions beneficiaries: 7 200 Presidents : 2
	Payment of contributions to medical aid schemes	All contributions paid timeously	71 117 members per month	74 717 members per month
	Payment of risk and administration fees to the Political Office Bearers' Pension Fund	Timeous and accurate payment of risk and administration fees in respect of all members monthly	Payment of risk and administration fees in respect of 900 members monthly	
	Notify beneficiaries of special pensions amendments	Successful national awareness campaign	Process all applications by March 2011	Ongoing administration of members' database
Military Pensions and Other Benefits	Payment of military pension benefits	Timeous and accurate payment of benefits	Beneficiaries :7 022	Beneficiaries :10 022
	Payment to service providers for medical expenses	All claims paid to service providers monthly	Timeous and accurate payment to service providers for medical expenses	
	Reduce backlog	Develop processes to eradicate backlog	Backlog reduced to: • IOD : 1 500 • Special pensions: 4 103 • Military Pensions: 0 • Medical Subsidies: 0	Backlog reduced to: • IOD : 800 • Special Pensions: 2 051 • Military Pensions: 0 • Medical Subsidies: 0

2012/13 Target Milestone
IOD beneficiaries: 11 000 special pensions beneficiaries: 7 400 Presidents : 2 78 317 members per month



Sub-programme	Output	Measure/Indicator	2010/11 Target Milestone	2011/12 Target Milestone	2012/13 Target Milestone
	Provide input to the revision of Military Pensions Act of 1976	Quality of information provided	Accuracy, scope and quality of content provided		
	Develop VIP customer care strategy for Presidents, Parliamentarians, Magistrates, Judges and former TBVC's.	Approved VIP customer care strategy Implementation of the VIP customer care strategy	Successful implementation of the VIP customer care strategy	Monitor the effectiveness of the VIP customer strategy	



