



# National Treasury



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## **Strategic Plan 2009/10 – 2011/12**

**Presentation by Director-General Lesetja Kganyago  
23 June 2009**



# Aim and strategic objectives

- Advance economic growth and income redistribution.
- Prepare a sound and sustainable national budget and equitable division of resources.
- Strive to equitably and efficiently raise fiscal revenue, while enhancing efficiency and competitiveness of the South African economy.
- Sound management of government's financial assets and liabilities.
- Promote transparency and enforce effective financial management.
- Develop and promote policies that lead to job creation.



# Programme 2: Public Finance and Budget Management

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

- Maintain a sound fiscal stance to support growth and development in the context of the economic crisis.
- Budget co-ordination and process improvements focussed on aligning budgets with priorities, improving service delivery and ensuring better value for money.
- Improve the quality and quantity of measurable objectives and indicators.
- Advance work currently in progress on social security and retirement reform.
- Advise the Minister on the financial implications of sectoral policies and work with departments, sectors, provinces to ensure alignment of policies, resources and plans.
- Publish the Provincial Government Budget and Expenditure Review.



# Programme 3: Asset and Liability Management

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

- The Asset Management sub-programme has been divided into two sub-programmes namely Governance and Financial Analysis, and Sectoral oversight following internal restructuring.
- Proposals on how government will support DFIs and establishment of a DFI council.
- Work to reduce debt service costs to 2.2% of GDP.
- Conduct semi-annual sovereign credit rating reviews.



# Programme 4: Financial Management and Systems

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

- Establish Supply Chain Management Compliance Monitoring Unit, to monitor and combat procurement-related corruption.
- Align preferential procurement framework with the BBBEE Act.
- Facilitate and manage transversal term contracts.
- Coordinate and implement Integrated Financial Management Systems Phase III:
  - Roll out Asset Management Module. (NT, DoD and 4 departments in the Limpopo Province)
  - Rollout Procurement Management Module. (NT Procurement Unit, NT Contracts Management, DoD)
  - Rollout HR Module. (DPSA, DoE Free State)
- Continue to roll-out of strategic sourcing principles.
- Continue supporting all spheres of government and public entities on compliance with applicable SCM standards and prescripts.



# Programme 5: Financial Accounting and Reporting

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

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



# Programme 6: Economic Policy and International Financial Relations

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

- Further develop research capacity to address areas such as growth, employment, banking, taxation and environmental fiscal reform.
- Review the architecture and effectiveness of the financial regulatory system.
- Improve access to financial services.
- Reform the system of retirement funding. (*working with Programme Two*)
- Complete conversion of the STC regime, review taxation of financial instruments and develop tax incentives to support industrial policy.
- Promote regional integration in SADC, the development of African countries and the attainment of Millennium Development Goals.
- Strengthen economic policy and forecasting, covering microeconomic analysis, and assessing the impact of the global economic crisis.



# Fiscal Transfers

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





# Key focus areas for 2009 - 2010

## Programme 1

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



# Summary of Expenditure

## Operational Budget

	Budget	Preliminary Outcome	Budget
	2008/09	2008/09	2009/10
	R'000	R'000	R'000
1. Administration*	204 963	203 663	188 769
2. Public Finance and Budget Management	245 288	244 056	208 482
3. Asset & Liability Management	63 796	62 503	64 405
4. Financial Management and Systems	278 851	272 720	611 704
5. Financial Accounting and Reporting	203 408	202 987	123 374
6. Economic Policy and International Financial Relations	90 958	90 294	87 631
<b>TOTAL</b>	<b>1 087 264</b>	<b>1 076 223</b>	<b>1 284 365</b>

\* Administration as % of total

18.85%

18.92%

14.70%



# Summary of Expenditure

## Transfers

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

\*Due to R30 billion transfer  
to Eskom.



# Personnel plan

**1 April 2008 to 31 March 2009**

## **New appointments**

Total	227
SMS	23
Non SMS	204

## **Transfers from other government departments**

Total	64
SMS	4
Non SMS	60

## **Staff who left the National Treasury**

Total	135
SMS	33
Non SMS	102

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



# Personnel plan

## **1 April 2008 to 31 March 2009 Strategic Initiatives**

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

## **1 April 2009 to 31 March 2010 Strategic Initiatives**

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

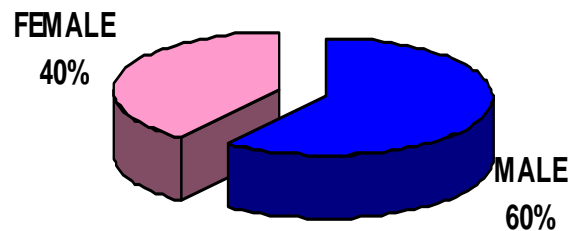


# Staff Profile as at 31 March 2009

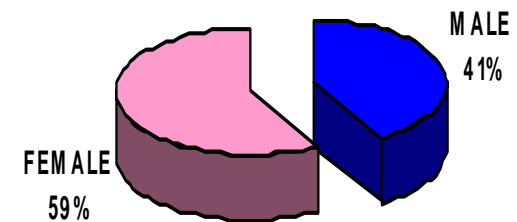
## Management

## Employees below Management

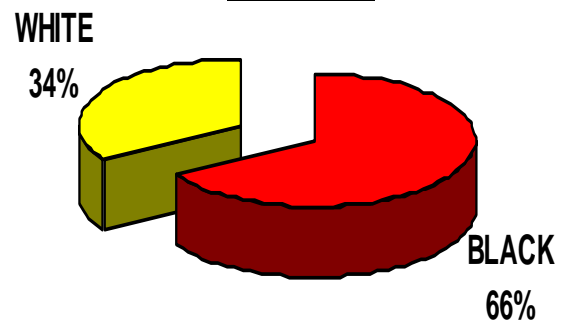
GENDER (SMS)



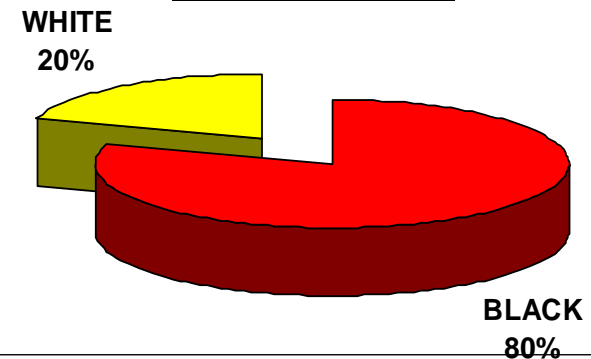
GENDER (NON-SMS)



RACE (SMS)



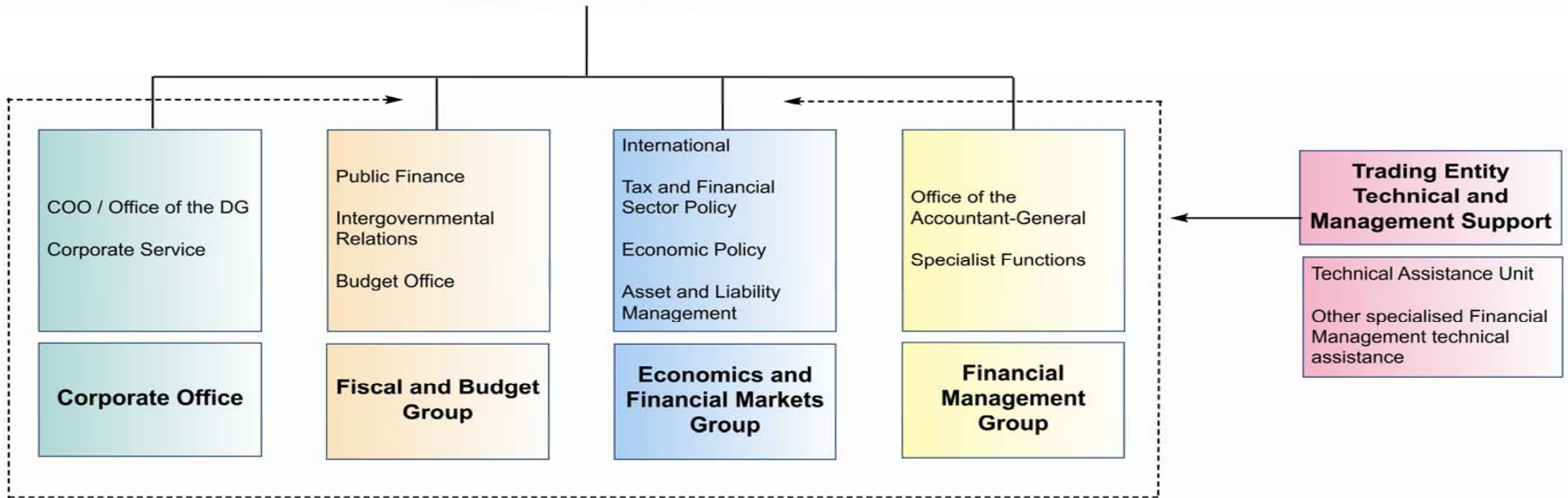
RACE (NON-SMS)



# Group coordination



Director-General  
Lesetja Kganyago



## Rationale:

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



# Fiscal and Budget group

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

## **Key projects over next 3 years include**

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





# Economics and Financial Markets group

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

## **Key projects over next 3 years include**

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



# Financial Management group

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

## **Key projects over next 3 years include**

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