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**B**

**STATSSA**

## 1. Introduction

### **Purpose of Statistics South Africa**

To provide a relevant and accurate body of statistics to inform users on the dynamics in the economy and society through the application of internationally acclaimed practices.

### **Present structure of Statistics South Africa**

The establishment is attached as Annexure A.

The organisational structure of Statistics South Africa is attached as Annexure B.

### **Description of the principal work of the institution**

#### ***Routine***

Inform economic decision making by providing accurate, relevant and timely economic statistical information through the application of internationally acclaimed practices, specifically by publishing:

- Quarterly and annual GDP estimates providing information on 10 sectors of the economy;
- Monthly, quarterly and annual statistical releases on employment and earnings, industry and trade, and financial information.

Inform inflation targeting and price stability by providing accurate, relevant and timely information on price changes in the economy through the application of internationally acclaimed practices, specifically by publishing:

- Monthly statistical releases on the consumer price index, covering approximately 400 products;
- Monthly statistical releases on the production price index, covering approximately 912 products

Inform social and socio-economic development by providing accurate, relevant and timely information on social concerns through the application of internationally acclaimed practices, specifically by publishing:

- Quarterly statistical information on labour market trends;
- Annual releases on vital registrations; and
- Annual and periodic releases on living conditions, demographic trends and service delivery.

**Exceptional**

Inform economic and social development and decision making by providing relevant and reliable statistical information through:

- Conducting a living conditions survey in 2009/2010;
- Conducting an income and expenditure survey in 2010/2011;
- Creating a dwelling frame 2009/2011; and
- Conducting a population census in 2011.

**2. Policy/implementation questions on the agenda*****Most important items on the agenda at the moment***

- Benchmarking and rebasing the GDP
- Overhauling the PPI
- Conducting a living conditions survey
- Conducting census 2011
- Compiling a dwelling frame
- Hosting the ISI

***Likely controversies/disputes with other departments***

The Statistics Act compels the Statistician-General to create and coordinate a national statistics system and demands responsibility for ensuring that quality statistics are produced. In the period ahead the Statistician-General will have to implement the Act to the full. The implementation of the Act through the National Statistics Sector Strategies will of necessity breed conflict and will require protocols via memoranda of understanding, cooperate governance and enforcement of the Act.

***Policy and implementation issues which are on the horizon and which may need more attention soon***

- Compiling a National strategy for the development of statistics
- Business registration reform in SA
- Statistical training institute
- Relocation to a new building

### 3. Current policy processes

#### ***Most important items on the agenda at the moment***

##### *Benchmarking and rebasing the GDP*

National Accounts serves as an organising framework for economic and other statistics and can be used as a statistical and analytical tool. National accounts through the quarterly and annual GDP estimates are used to monitor the behaviour of the economy to inform policy and decision making on economic growth, job creation and sustainable development.

Stats SA benchmarks and rebases (process of changing the reference period) its estimates of National Accounts every 5 years. The previous adjustments were done in 1999 and 2004. The pattern of relative prices in the base period tends to become progressively less relevant to the economic situations; it therefore becomes necessary to update the base period, a process which is commonly referred to as “rebasing”.

Short-term estimates of National Accounts are based on a number of indicators. These estimates are preliminary with the aim of providing information on the trend of economic growth, rather than the level of economic activity. The benchmarking of the level of economic activity is therefore necessary to ensure that National Accounts accurately reflect all economic activity in South Africa.

The benchmarking process will be done in accordance with the 1993 System of National Accounts (SNA'93) and will include estimates based on the results of the IES conducted in 2005 and Community Survey in 2007. The reference year for benchmarking is 2005. Quarterly and annual estimates will be revised from 2001 onwards based on the new information. The benchmarking process has started during 2008 and takes approximately 18 months to complete. The rebased GDP estimates will be published by November 2009.

##### *Overhauling the Producer Price Index (PPI)*

Because of higher priorities within economic statistics, the PPI has been a relatively neglected series over many years, but it has a very high profile. It has a number of conceptual and operational deficiencies, including problems with its weighting scheme, the lack of clear distinction between prices of imported and domestically produced products, poor response rates and the extent of imputation for unreported prices. Its problems have resulted in data issues receiving very harsh user and media criticism.

Our highest priority is to completely redevelop the PPI as a set of complementary indexes covering imports, production and exports, and within production to create separate indexes for inputs (products mainly associated with intermediate consumption) and outputs (products mainly associated with final demand). An operational plan to do this as quickly as possible is being developed, while the current PPI series will continue to be published, though with appropriate caveats, until the new indexes are ready for release.

##### *Conducting a living conditions survey*

Stats SA has developed a comprehensive statistical instrument, the living conditions survey, to measure household welfare in an integrated manner. The results will include information on poverty

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levels, employment and unemployment patterns, household enterprises, school enrolment and educational attainment, healthcare, migration, housing and the living environment, access to public services, and other dimensions of living standards.

The instrument has been piloted during 2008. The fieldwork for the main survey has commenced in September 2008 and will be rolled out over a period of 12 months. Data processing, editing and analysis of the results will commence in 2009. The final results of the survey will be published during 2010.

### *Conducting census 2011*

Population censuses are the backbone of any national statistical system and are vital to set baselines. A census establishes the size, nature and geographic location of a country's population and provides essential data for monitoring progress. It also provides key information on the geography and composition of the population, a fundamental need to plan efforts to provide key services for all.

The complexity and cost of a population census far exceeds any other statistical collection that a statistical office undertakes. The previous population census was conducted during 2001 and the Community survey in 2007.

The following key milestones have to be achieved to ensure a successful census in 2011:

- Development of systems, methodologies, policies and procedures by July 2009 to be tested in pilot census
- Pilot census conducted in October 2009 as a dress rehearsal for the main census
- Demarcation of the country into Enumeration Areas by September 2010;
- Systems, methodologies, policies and procedures finalised by January 2011
- Enumeration conducted in October 2011
- Post enumeration survey conducted in November 2011
- Processing, editing and analysis commence in November 2011
- Evaluation of the data finalised by December 2012
- Results released by March 2013.

### *Compiling a dwelling frame*

A geo-referenced dwelling frame is a complete, up-to-date database of all dwellings and other structures in the country. The primary purpose in developing a dwelling frame is to create the infrastructure and conditions for a substantial and sustained improvement in the quality of household-derived statistics.

Planning, management and implementation of fieldwork, together with a comprehensive frame for drawing samples, are central elements in determining the quality of household-derived statistics. The dwelling frame project aims to provide the statistical infrastructure necessary for fieldworkers to gather information of quality from households.

An integrated dwelling frame able to impact substantially on statistical quality involves three

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fundamental attributes that are conceptually separate, but must act together to create the conditions for improved fieldwork and sampling:

- visible relational map-based images of dwellings;
- a visible and sequenced number system linked to these images; and
- a virtual database of x-y coordinates for each dwelling unit.

The first two attributes are used by enumerators, service providers and the public at large. The third is applied by database managers to maintain the integrity and quality of the first two. All three attributes are required for a dwelling unit frame to impact substantially on the quality of fieldwork, and hence the quality of statistics collected from households.

Fieldwork on geo-referencing dwelling units started in November 2008. The geo-referencing will be complete in January 2010.

#### *Hosting the ISI*

In August 2009, South Africa will be hosting the 57<sup>th</sup> session of the ISI in Durban, KwaZulu-Natal . This will be the first session to be held in sub-Saharan Africa in the ISI's 122-year old history. This historic session will mark a significant milestone in South Africa's critical path towards the development of statistical human capacity. The ISI session provides a platform for the gathering of over 2000 of the world's statisticians to share experiences in a diverse range of statistics among public and private research and educational statistics.

The ISIBalo Capacity Building programme has been developed as a principal legacy programme spurred by the ISI. It takes on an integrated approach to statistical capacity building in South Africa, the southern African region and Africa in its entirety. The ISIBalo programme includes:

- Women in statistics
- Research programme for young statisticians and demographers
- Maths, stats and the girl child
- Data analysis forum
- ISIBalo statistics education (Maths4Stats and Census@Schools)

**Diary for next six months**

Deadlines for key products

| <b>Statistical releases according to release schedule</b> |  |  |
|---|--|--|
| <b>Monthly</b>  | <b>Quarterly</b>   | <b>Annually/Periodically</b>                               |
| Mining: Production and sales                              | The GDP estimates for the 3 <sup>rd</sup> quarter of 2008              | Annual GDP   |
| Manufacturing: Production and sales                       | Manufacturing: Utilisation of production capacity by large enterprises | Annual financial statistics                                |
| Retail trade sales  | Food and beverages   | Financial statistics of higher education institutions      |
| Motor trade sales   | Tourist accommodation  | Financial statistics of consolidated general government    |
| Wholesale trade sales                                     | Financial statistics of municipalities                                 | Financial census of municipalities                         |
| Selected building statistics of the private sector        | Financial statistics of private sector enterprises                     | Financial statistics of private sector enterprises         |
| Liquidations and insolvencies                             | Employment and earnings and average monthly earnings                   | Financial statistics of extra budgetary accounts and funds |
| Civil cases for debt                                      | Quarterly labour force survey  | Financial statistics of provincial government              |
| Electricity generated and available for consumption       |  | Non-financial census of municipalities                     |
| CPI   |  | Capital expenditure of the public sector                   |
| PPI   |  | Financial statistics of national Government                |
| Tourism and migration                                     |  | Economic Activity Survey                                   |
|   |  | Selected building plans passed                             |
|   |  | Buildings completed per annum                              |
|   |  | Supply and Use tables                                      |
|   |  | Social accounting matrix                                   |
|   |  | General household survey                                   |
|   |  | Mortality and causes of death                              |
|   |  | Recorded live births                                       |
|   |  | Mid-year population estimates                              |
|   |  | Marriages and divorces                                     |

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***Formal engagement with other departments/spheres of government already scheduled***

To implement the Statistics Act in full, in the main, other producers of statistics have to be brought into the fold of application of common standards and approaches. The Act requires that statistics should be of high quality and by implication demands that the statistics are subjected to a quality test before they are available for public consumption.

The Statistician-General has established a framework for managing quality across all statistics. Through South Africa Quality Assessment Framework, SASQAF, modalities and conditions of engagement with other producers has been established. Through memoranda of understanding in the main are the terms of engagement defined. Currently to mention some, the Department of Education, Health, Home Affairs, Transport, Justice, Science and Technology, DEAT and the Provincial Governments of Kwa-Zulu Natal, Limpopo and Eastern Cape as well as the CSIR and SATOUR have well established documented relationship with the Statistician-General through the memoranda of understanding. In real terms Statistics South Africa works with the sources of data as emanate from Home Affairs, Health, Education and provincial governments and agencies of government and transform the data into statistical information in terms of the Statistics Act. Arrangements are afoot to engage the Business Register and use Tax Records for statistical purposes by working jointly with SARS and the dti.

***Engagements at international level***

At the international level four years ago, Statistics South Africa launched a pan-African statistics movement known as the African Symposia for Statistical Development, ASSD, the aim of which was to revive statistics on the continent including at the Economic Commission for Africa. The first point of engagement was to focus on the 2010 Round of Censuses and so successful has been this specific agenda that the continent should in all probability according to current trends, have all African countries conduct a census of the population in the 2010 Round a far cry from a historical trend where only a third to three quarters of countries on the continent conducted censuses. Four symposia have been held thus far with the first in Cape Town, South Africa 2006 January, the second in Kigali, Rwanda 2007 in January 2007, the third in Accra, Ghana 2007 December, and the fourth in Luanda, Angola in February 2009. Focus in the main has been for countries emerging out of conflict. South Africa chairs the ASSD as well as the Friends of the Economic Commission for Africa (ECA) for purposes of institutionalising and entrenching statistics at the (ECA).

South Africa has emerged as an important partner for international programmes in the development of statistics. For instance, the Statistician-General currently chairs the United Nations Statistics Commission, a supreme body that is responsible for statistical standards globally. The Statistician-General chairs StatCom Africa, an Apex body on the continent that deals with matters statistics. Further the Statistician-General co-chairs, PARIS21, a body that explores and generates standards for successful demand management of statistics. This is done by bringing together policy makers, producers of statistics and resources portfolios for statistics and capacity and institution building.

Given this position of leadership that South Africa has, Statistics South Africa and the Statistician-General will galvanise and direct this influence for the benefit of the statistics system in the continent and in South Africa. To this end the Statistician-General has identified that language is an important instrument for galvanising influence and implementation of programmes. Statistics South Africa has thus embarked on implementing the African Union (AU) language policy and this will equip staff members with skills for deployment in positions of continental and global influence.



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#### **4. Vision statement relating to where the organisation should be in three years time**

To date the Act has only been partially implemented, with the Statistician-General paying more attention on improving the quality of statistics produced by Statistics South Africa. In the next three years with the progress made in establishing relations with other producers as indicated under departmental collaboration, the Statistician-General shall extend the work programme to full implementation of the Statistics Act. Through the application of SAQAF, producers of statistics will progressively sign up for accession for inclusion in the National Statistics System. Secondly, Statistics South Africa will be building an infrastructure network for the collection of statistics and this position of pre-eminence for household and economy based surveys shall progressively improve the quality of statistics of and for the nation. Thus this will ensure that the Statistician-General can bring as large a percentage of the national information system into the fold of official statistics. These will provide policy with tools for risk management and mitigation and maximise benefits of national state and global effort.

## Annexure

Statistics South Africa: Establishment as at March 2009

| Cluster  | Division                           | Permanent  |            |            | Contract    |            |             |
|--|------------------------------------|------------|------------|------------|-------------|------------|-------------|
|  |                                    | Filled     | Vacant     | Total      | Filled      | Vacant     | Total       |
| DDG Corporate relations                          |                                    | 1          | 1          | 2          |             |            | 0           |
|  | International relations            | 40         | 12         | 52         | 3           |            | 3           |
|  | Corporate Communications           | 8          | 7          | 15         |             |            | 0           |
|  | Provinces                          | 259        | 106        | 365        |             | 2          | 2           |
| <b>Subtotal Corporate relations</b>              |                                    | <b>308</b> | <b>126</b> | <b>434</b> | <b>3</b>    | <b>2</b>   | <b>5</b>    |
| DDG Corporate Services                           |                                    | 4          |            | 4          |             |            | 0           |
|  | Corporate Governance               | 10         | 2          | 12         |             |            | 0           |
|  | Corporate Relocation               | 2          |            | 2          | 3           |            | 3           |
|  | Facilities, Logistics and Security | 126        | 35         | 161        |             |            | 0           |
|  | Finance and SCM                    | 137        | 28         | 165        |             |            | 0           |
|  | Human Capacity Development         | 48         | 11         | 59         | 44          | 2          | 46          |
|  | Human Resource Management          | 84         | 34         | 118        |             |            | 0           |
|  | Programme Office                   | 13         | 3          | 16         |             |            | 0           |
| <b>Subtotal Corporate services</b>               |                                    | <b>424</b> | <b>113</b> | <b>537</b> | <b>47</b>   | <b>2</b>   | <b>49</b>   |
| DDG Economic Statistics                          |                                    | 3          |            | 3          |             |            | 0           |
|  | CPI                                | 220        | 15         | 235        |             |            | 0           |
|  | Financial Statistics               | 112        | 14         | 126        |             |            | 0           |
|  | Large Sample Surveys               | 102        | 13         | 115        | 28          | 5          | 33          |
|  | National Accounts                  | 23         | 3          | 26         |             |            | 0           |
|  | PPI and Employment statistics      | 88         | 7          | 95         |             |            | 0           |
|  | Short-term indicators              | 96         | 11         | 107        |             |            | 0           |
| <b>Subtotal Economic Statistics</b>              |                                    | <b>644</b> | <b>63</b>  | <b>707</b> | <b>28</b>   | <b>5</b>   | <b>33</b>   |
| DDG Methodology and Standards                    |                                    | 3          |            | 3          |             |            | 0           |
|  | Methodology and Audit              | 48         | 16         | 64         |             |            | 0           |
|  | Survey Standards                   | 2          | 1          | 3          |             |            | 0           |
|  | Business Register                  | 64         | 21         | 85         |             |            | 0           |
| <b>Subtotal Methodology and Standards</b>        |                                    | <b>117</b> | <b>38</b>  | <b>155</b> |             |            | <b>0</b>    |
| DDG Population and Social Statistics             |                                    | 5          |            | 5          | 1           |            | 1           |
|  | Census 2011 project                |            |            | 0          | 79          | 86         | 165         |
|  | Census coordination (core)         | 33         | 20         | 53         |             |            | 0           |
|  | Census inputs and outputs (core)   | 20         | 6          | 26         |             |            | 0           |
|  | Census operations (core)           | 54         | 7          | 61         | 1           |            | 1           |
|  | Demographic and Social analysis    | 7          | 6          | 13         |             |            | 0           |
|  | Household Budget Surveys           | 29         | 28         | 57         | 792         | 7          | 799         |
|  | Household Labour Market Survey     | 428        | 21         | 449        | 137         | 26         | 163         |
|  | Social Statistics                  | 28         | 11         | 39         |             |            | 0           |
|  | Survey monitoring and evaluation   | 66         | 3          | 69         | 42          |            | 42          |
| <b>Subtotal Population and Social statistics</b> |                                    | <b>670</b> | <b>102</b> | <b>772</b> | <b>1052</b> | <b>119</b> | <b>1171</b> |
| DDG Statistical Support and Informatics          |                                    | 3          |            | 3          |             |            | 0           |
|  | DMID                               | 10         | 5          | 15         |             |            | 0           |
|  | Geographic frames                  | 47         | 16         | 63         | 730         | 67         | 797         |
|  | Geographic support                 | 26         | 33         | 59         |             |            | 0           |
|  | Publication services               | 37         | 7          | 44         | 1           |            | 1           |

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|                                    |                                |      |     |      |  |      |     |      |
|------------------------------------|--------------------------------|------|-----|------|--|------|-----|------|
|                                    | Data management and Technology | 32   | 5   | 37   |  |      |     | 0    |
| <b>Subtotal Informatics</b>        | <b>Statistical Support and</b> | 155  | 66  | 221  |  | 731  | 67  | 798  |
| Office of the Statistician-General |                                | 3    |     | 3    |  |      |     | 0    |
| Internal Audit                     |                                | 15   | 2   | 17   |  |      |     | 0    |
| NSSD                               |                                | 13   | 11  | 24   |  |      |     | 0    |
| Strategic Planning                 |                                | 3    | 3   | 6    |  |      |     | 0    |
| <b>Subtotal Office of the SG</b>   |                                | 34   | 16  | 50   |  |      |     | 0    |
| <b>TOTAL</b>                       |                                | 2352 | 524 | 2876 |  | 1861 | 195 | 2056 |

Vacancy rate (Permanent posts): 18.2%

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SARS

## 1. Introduction

**The South African Revenue Service (SARS)** is mandated by the South African Revenue Service Act (1997) to collect all tax revenues that are due, to provide a customs service, to protect national borders and to facilitate trade. SARS also works to expand the pool of tax contributors by promoting awareness of the obligation to voluntarily comply with tax and customs laws. SARS aims to conduct its activities in a way that enhances economic growth and social development. SARS reports to the Minister of Finance.

SARS is responsible for the collection of all tax revenue for national government. This is achieved with the assistance of approximately 14 000 employees based in over 80 offices across the country.

The purpose of this document is to provide a comprehensive account of the functioning of the SARS in accordance with the guidelines of Annexure B from the Office of the Minister of Finance.

### **Our Role and Mandate**

#### ***SARS in brief***

The South African Revenue Service was established by legislation to collect revenue and ensure compliance with tax law. Its vision is to be an innovative revenue and customs agency that enhances economic growth and social development, and supports South Africa's integration into the global economy in a way that benefits all citizens. Its mission is to optimise revenue yield, facilitate trade and enlist new tax contributors by promoting awareness of the obligation to comply with South African tax and customs laws, and providing a quality and responsive service to the public.

In accordance with the South African Revenue Service Act 34 of 1997 the service is an administratively autonomous organ of the state: it is outside the public service, but within the public administration. So, although South Africa's tax policy is set by the Minister of Finance and National Treasury, it is managed by SARS.

Pursuant to the aims of the SARS Act, SARS's main functions are to:

- Collect and administer all national taxes, duties and levies as provided for in relevant legislation;
- Collect revenue that may be imposed under any other legislation, as agreed on between SARS and an organ of state entitled to the revenue;
- Provide protection against the illegal importation and exportation of goods;
- Facilitate trade; and
- Advise the Minister of Finance on all revenue matters.

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## 1.2 Statement of principal purposes of the institution

### A. The legal framework

#### *The Constitution*

The South African Revenue Service was established by the South African Revenue Service Act, 1997 (Act No. 34 of 1997) as an organ of state within the public administration, but as an institution outside the public service. The Constitution provides for basic democratic values and principles governing public administration which includes the following principles:

- A high standard of professional ethics must be promoted and maintained;
- Efficient, economic and effective use of resources must be promoted;
- Public administration must be development-oriented;
- Service must be provided impartially, fairly, equitably and without bias;
- People's needs must be responded to, and the public must be encouraged to participate in policy making;
- Public administration must be accountable;
- Transparency must be fostered by providing the public with timely, accessible and accurate information;
- Good human-resource management and career development practices, to maximise human potential, must be cultivated;
- Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past..
- In its interaction with the taxpayers, traders, SARS employees and the South African public in general, SARS gives effect to provisions of the Bill of Rights, notably the rights of taxpayers, traders and SARS employees to just administrative action and access to information.
- To this end SARS has ensured that measures are put in place to comply with national legislation in this regard i.e. The Promotion of Access to Information Act and the Promotion of Administrative Justice Act.

#### *The South African Revenue Service Act*

The mandate of the organisation derives from the South African Revenue Service Act of 1997 that, among other things, obliges the entity to perform the following duties:

Collect all revenues that are due to the state;

- Ensure maximum compliance with the legislation;
- Provide a customs service that will maximise revenue collection, protect our borders as well as facilitate trade and;
- Advise the Ministers of Finance and Trade and Industry.

The SARS Act also provide for various other matters, such as advisory committees to the Commissioner and Minister of Finance, financial matters and the legislation to be administered by SARS.

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### ***The Public Finance Management Act***

The Public Finance Management Act's overall objective is to modernise financial management and enhance accountability in the public sector. The implementation of the PFMA has enabled the creation of an environment in which accounting officers are able to manage, while at the same time holding such persons accountable for resources that are used.

Prior to the promulgation of the SARS Act, SARS accounted for tax and duty revenue on the cash received basis. This basis of accounting changed with the promulgation of the SARS Act in 1997, in terms of which, SARS was required to comply with Generally Accepted Accounting Practice (GAAP) for the purposes of record keeping and preparation of financial statements. This meant that, for revenue recognition purposes, tax revenue was to be accounted for on the accrual basis. SARS was immediately required to conform to the requirements of accrual accounting and subsequently issued its first financial statements in terms of GAAP for the 1997/98 financial year.

The preparation of these financial statements were negatively impacted by the inadequate transition period in which SARS was required to comply, further complicated by the fact that there were no definitive norms at the time dealing with revenue recognition standards for non-exchange transactions.

This, together with operational and accounting deficiencies resulted in the Office of the Auditor-General issuing a disclaimer of audit opinion on the 1997/98 financial statements for Administered Revenue. Further disclaimers of audit opinion followed for the 1998/99 and 1999/00 financial statements.

It is for the above reasons that SARS requested, and was granted, a three-year extension in order to delay the application of accrual accounting principles. In terms of this extension, SARS was permitted to return to the cash basis of accounting. The SARS Act was amended in 2002 specifying that SARS should comply with the provisions of the PFMA in the preparation of its accounts and financial statements. In terms hereof, SARS is required to comply with Generally Recognised Accounting Practice (GRAP).

On 7 March 2002, the Minister of Finance established the Accounting Standards Board (ASB) as required by the PFMA. The ASB has since then set about prescribing GRAP standards for:

- Government departments (national and provincial)
- Public entities
- Constitutional institutions
- Municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality
- Parliament and the provincial legislatures

SARS will follow a migration approach to accrual accounting which takes cognisance of its transformational initiatives and the evolutionary nature of current accounting standard formulation with regard to non-exchange transactions whilst ensuring appropriate corporate governance. SARS has applied to the ASB to maintain its current (cash) basis of accounting. This application has been supported by the ASB on the basis that current GRAP standards have yet to be recommended to the Minister of Finance for

implementation. SARS has successfully established new financial systems for its Own Accounts which has ensured that the Auditor-General has presented Parliament with unqualified reports for three successive years.

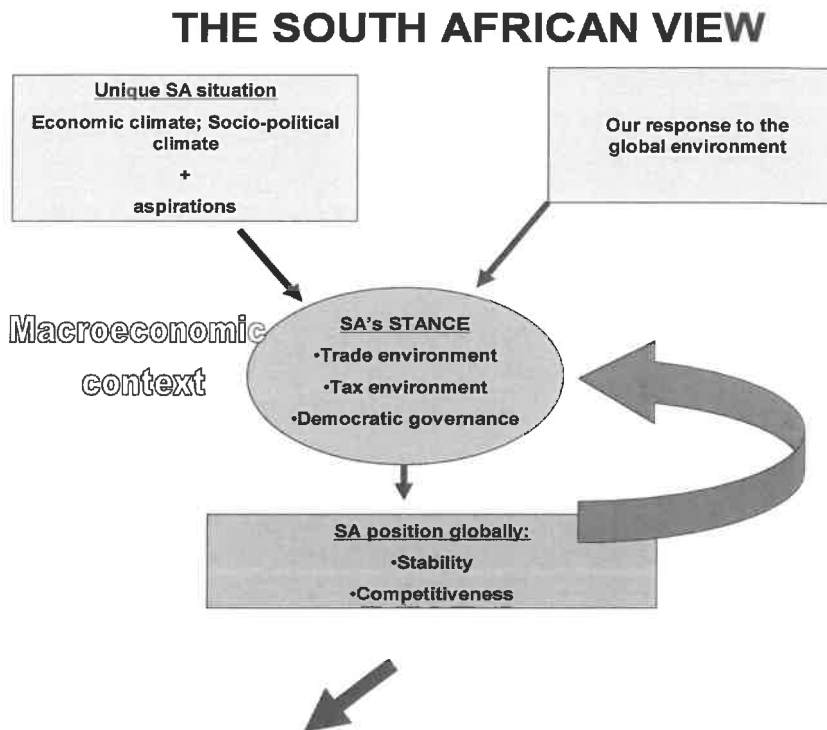
### ***The Acts that SARS administers***

SARS administers various Acts of Parliament including the following:

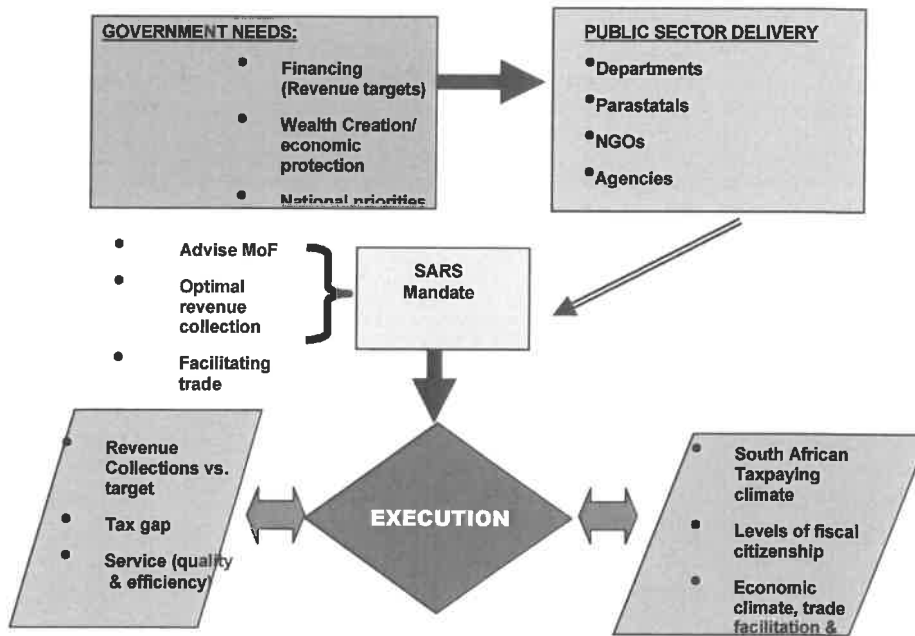
- Income Tax of 1962;
- Value-Added Tax of 1991;
- Customs and Excise Act of 1964;
- Estate Duty Act of 1955;
- Transaction Tax Laws (Stamp Duties, MST, UST and Transfer Duty);
- Tax and Retirement Funds Act of 1996;
- Unemployment Insurance Contributions Act of 2001;
- Skills Development Levies Act of 1999;
- Exchange Control Amnesty Act of 2003; and
- Various other subsidiary legislation.

### **B. Structural location**

Cognisant of the degree of administrative autonomy the organisation enjoys, the following diagram depicts the role of SARS in relation to the environment within which the organisation operates, including the unique South African situation, the Government of the day, the Minister of Finance as well as the peoples of the country we ultimately serve.







## Philosophy/ values

### *Philosophy*

In delivering on its legal mandate, SARS adopts an approach that is within the letter and spirit of the law in effectively applying tax and trade policy. Further, we take cognisance of the South African context, our legacy and the importance of cultivating good fiscal citizenship as regards the payment of taxes. To this end we constantly pursue an appropriate balance between encouraging compliance and enforcing compliance, based on taxpayer-driven behaviour. Our approach is one of collaboration with the taxpaying/ trading community and tax/ trade professionals. The extent to which we perform our duties effectively has a direct impact on levelling the economic playing field, ensuring fairness and consistency in raising government revenues and in preserving the legitimacy of our democracy. We are thus always mindful of our higher purpose in encouraging economic growth and providing the necessary resources to the fiscus to expand the delivery of essential services to the people of South Africa.

### *Core Values*

The organisation is committed to providing increasingly better service to the public, consistent with the principles and objectives of Batho Pele. Our relationships with the varied and various stakeholders, internal and external, as well as our business processes, are conducted and based on the values of:

- Mutual respect and trust;
- Equity and fairness;
- Integrity and honesty;
- Transparency and openness; and
- Courtesy and commitment.

One of the challenges SARS faces is how to give concrete meaning to these values in daily activities.

Responsibilities of the Commissioner

SARS is headed by a Commissioner, who functions as the Chief Executive Officer and the Accounting Authority in terms of Sections 49(2) of the PFMA and 9(1) (d) of the SARS Act. The Commissioner is accountable to the Minister of Finance, who is the executive authority and also performs a non-executive oversight role over the operations of SARS.

**The Commissioner:**

- is responsible for the performance by SARS of its functions
- takes all decisions in exercising the powers of SARS
- performs any function and exercises any power assigned to the Commissioner in terms of any legislation or agreement referred to in Section 4(1)(a) of the SARS Act
- is the Chief Executive Officer and also the Accounting Authority for SARS

**The Commissioner in the position as Chief Executive Officer is responsible for:**

- the formation and development of an efficient administration
- the organisation and control of the staff
- the maintenance of discipline
- the effective deployment and utilisation of staff to achieve maximum operational results

**The Commissioner in the position as the Accounting Officer is responsible for:**

- all income and expenditure of SARS
- all revenue collected by SARS
- all assets and the discharge of all liabilities of SARS
- the proper and diligent implementation of the PFMA

**Roles of External Committees**

***Audit Committee***

The PFMA requires the establishment of an audit committee to assist the accounting officer in carrying out of his responsibilities in terms of the Act. The Audit Committee was established in terms of Section 51(1) (a) (ii) of the PFMA and paragraph 27.1.1 of Treasury Regulations, which states that the Commissioner is to establish an audit committee as a subcommittee of the accounting authority. The Audit Committee operates under written terms of reference which are reviewed at least once a year to ensure their continued relevance. The Audit Committee has been constituted with an external chairperson and three additional external (non-executive) members to ensure independence and financial literacy.

**Advisory Committees**

***Human Resources Specialist Committee***

The Human Resource Specialist Committee consists of five non-executive members. It was established in terms of Section 11(1) of the SARS Act to advise:

- 
- The Minister of Finance on matters concerning the terms and conditions of all employment in the management structure of SARS; and
  - The SARS Commissioner on any matters concerning the terms and conditions of employment of all other employees of SARS.

#### **Remuneration sub-committee**

The remuneration sub-committee was established by the Human Resource Specialist Committee consisting of two of its members and a member of the audit committee. The sub-committee advises the Minister or Commissioner on matters relating to remuneration and employee benefits. The sub-committee's recommendations must be ratified by the full committee before they are communicated to the Minister or Commissioner.

#### ***Delegation of Authority***

In order to meet the organisation's goals, focus on objectives, and ensure that all work is accomplished; management is required to delegate authority.

#### ***Protocol relating to liaison with government entities / Ministers / Deputy Ministers / Director-Generals***

- No SARS official may represent SARS in any body / committee without being properly authorised by the senior management of SARS (Group Executive or Commissioner level).
- Even where SARS officials have dealings with other state officials, they are not authorised to enter in to binding agreements on SARS's behalf without the requisite authority.

#### ***Protocol relating to correspondence with government departments***

All replies to correspondence must be signed by the equivalent of the drafter of the letter received. This means that, for example, if a Director-General signs a letter addressed to the Commissioner then a draft response must be submitted for the Commissioner's consideration and signature.

#### ***Liaison with the Office of the Auditor-General***

The Office of the Commissioner is also required to facilitate the relationship between the Commissioner and the Auditor-General by ensuring that required deadlines are met and also that the interaction between the Commissioner and the Auditor-General and his office is prioritised when required by either organisation.

As a constitutionally entrenched institution of democracy<sup>1</sup>, the Auditor-General (AG) must audit and report on the accounts, financial statements and financial management of national and provincial government departments and administrations, agencies, municipalities and any other institution or accounting entity required by national or provincial legislation. The South African Revenue Service, established by the SARS Act<sup>2</sup> in 1997 as an organ of state within the public administration, therefore falls within the auditing ambit of the AG.

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Although the law provides clear terms of reference for the relationship, there is room to have guidelines for cooperation. Accordingly, opportunities for growth in the relationship lie in the nature in which the AG and SARS engage each other to “negotiate” how the AG carries out its SARS audit function and how SARS, in turn, can facilitate the activities of the AG.

In order to deepen the cooperation, a common understanding is required of the notion of the developmental state as the fundamental driver of our respective roles; the constitutionally-based compulsory, non-negotiable dimensions of the relationship and the discretionary dimensions of the relationship.

A procedure was initiated in June 2007 through a common understanding to reframe the relationship between the two organisation by rallying around core of principles of engagement such as achieving mutual understanding in the audit planning process; making use of the work of SARS internal audit and other role players; reporting audit findings in an appropriate, fair, timely manner; ensuring that the audit process and findings add value to SARS; and observing professional ethics.

### **Internal and External Stakeholders**

#### **External Stakeholders**

##### ***Ministry of Finance***

The South African Revenue Service and the Executive Authority is located within the portfolio of the Ministry of Finance. The Minister of Finance is Mr. Trevor Andrew Manuel. The Office of the Commissioner provides a formal communication link between the Ministry of Finance and SARS.

##### ***Other government departments (Director-Generals)***

The Constitution of South Africa indicates that all spheres of government and all organs of the state must have inter-governmental relations and cooperative governance. Although all of the spheres of government remain autonomous, they must exist unitary and work together on decision-making and coordinating budgets, policies and activities that cut across all spheres to provide a comprehensive service to the citizens of South Africa. The Commissioner is the main figurehead of the South African Revenue Service and therefore most communication will be directed to him, making his office a key link in SARS’s relations with other government departments.

##### ***Other external stakeholders***

The South African Revenue Service mandate requires interaction on very diverse levels with external stakeholders which can range from individual taxpayers, to corporations, international organisations and governments. The Office of the Commissioner in most cases is the link between the organisation and the various external stakeholders and therefore plays a key role in ensuring a professional image and a good impression of SARS is portrayed and upheld.

##### ***Internal stakeholders***

Chief Officers and Group Executives

The Chief Officers and Group Executives play a key strategic and operational role in supporting the Commissioner in performing his duties. Interaction between the Office of the Commissioner and the various Chief Officers and Group Executives is important to ensure that the operational objectives of the organisation are met. Generally speaking, Chief Officers report directly to the Commissioner and in turn supervise the Group Executives. However, some Group Executives report directly to the Commissioner by virtue of their functions.

### **SARS Service Monitoring Office (SSMO)**

The South African Revenue Service has set service standards which have been published in a Service Charter. These service standards specify the quality and level of service that clients are entitled to expect from SARS. The SSMO is an independent channel where clients can report their complaints about SARS if their concerns are not resolved at organisational level. The SSMO is headed by a Chief Executive Officer who reports directly to the Commissioner and this provides him with valuable insights to guide further possible efforts to improve service and remedy problems. The Office of the Commissioner is required to facilitate, coordinate and assist the SSMO in resolving complaints to ensure that SARS can continue to offer an exceptional service to the people of South Africa. In addition, the Commissioner has designated a Senior Managers as a “taxpayer advocate” whose role is to present the taxpayer’s perspective each time processes that deal with taxes are being reviewed and revamped. It is still to be decided whether this role will be institutionalised in the coming months within the formal SARS structures.

#### 1.2 Statement of SARS’s present structure down to chief-directorate level and indicating staffing levels excluding support staff (present and vacancies)

SARS’s employee headcount at end of January 2009 is 14 871 employees. This is an increase of 456 employees in comparison with January 2008. The YTD (year-to-date) recruitment rate is 7.82% with an attrition rate of 5.65% resulting in a positive net staff turnover rate (YTD) of 2.17%. This is achieved through the following staff movements:

The **biggest growth** (YTD) was within the following Divisions:

- Customs (9.65%) from 2271 to 2517 employees;
- Strategy, Modernisation & Technology (6.21%) from 511 to 551 employees;
- Finance (6.16%) from 300 to 317 employees
- Enforcement & Risk (3.57%) from 4029 to 4258 employees;
- 

This growth is in line with our plan to create additional capacity for the delivery of our Modernisation Agenda deliverables.

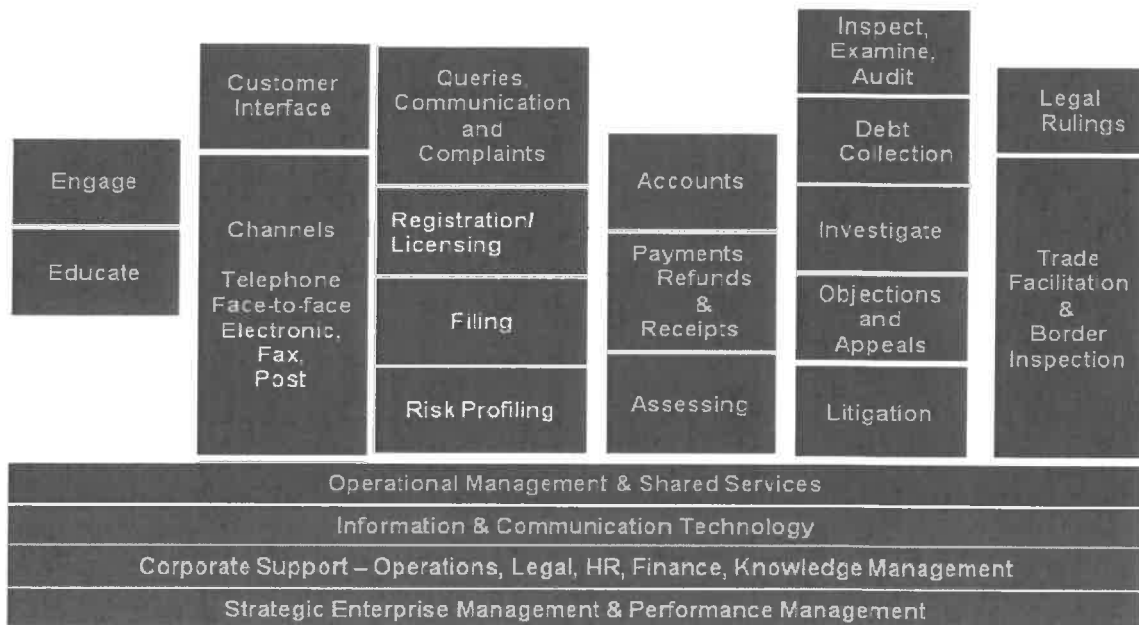
- Of all external appointments the majority were:
- Black Employees (1026 – 89.22%); and Female Employees (554 – 48.17%)
- The majority (80.02%) staff exits were voluntary.

The organogram below depicts SARS’s organisational structure down to chief director level



### 1.3 Description of the principal work of the institution and its various 'products'

#### THE SARS ELEMENTS MODEL



These functions contribute to each of the delineated steps in SARS's value chain or operating system, namely:

- Engagement with taxpayers, traders, as well as tax practitioners and trade intermediaries;
- Registration of individual and corporate taxpayers, traders, practitioners and intermediaries;
- Issuing of returns or declarations;
- Filing of returns and declarations;
- Capturing and processing of returns and declarations;
- Assessment of returns and declarations;
- Processing payments;
- Deregistration of taxpayers and traders.

The detail of each of these steps depends on the tax type and taxpayer, trader or intermediary segment involved. The operating model is thus differentiated with respect to both how SARS organises its inputs, as well as how it directs its engagement with taxpayers.

The delineation of these steps and the contributions of an advisory, enabling or delivery oriented nature to each of them, provides a framework for analysing where inefficiencies may be present that hamper the overall effectiveness of SARS in delivering against its mandate. This delineation also serves to indicate precisely where corrective action needs to be taken. In the forthcoming year SARS will be building on the reorganisation undertaken to stimulate further efficiency gains from the adoption of the new operating model, adjusting human resource allocation in accordance with further refinements of functions and their inter-relationships.

## 2. Outline of policy/implementation questions on the agenda

### 2.1 What are the most important items on the agenda at the moment?

#### **Key Policy Issues**

The key policy issues for attention in the short to medium term are summarised annually in the Budget Review. From a tax and customs perspective some of these issues are:

- Delaying implementation of new mineral and petroleum royalties until 1 March 2010
- The switch from Secondary Tax on Companies to a Dividends Withholding Tax
- Taxes and incentives to encourage investment in and use of energy efficient and green technologies
- Tax-sharing arrangements with municipalities
- Increases in excise duties on alcoholic beverages and tobacco products
- Measures to underpin SARS's modernisation initiatives

Other issues that have been previously announced include:

- The development of a social security system, with associated social security contributions collections and wage subsidy
- The rewrite of the Customs and Excise Act to support modern administration and international developments
- The progressive rewrite of the Income Tax Act, beginning with a separate Tax Administration Bill and the taxation of employment income

#### **Legislation Administered by the South African Revenue Service (Commissioner)**

- Union and Southern Rhodesia Death Duties Act, 1933 (Act No. 22 of 1933).
- Transfer Duty Act, 1949 (Act No. 40 of 1949).
- Estate Duty Act, 1955 (Act No. 45 of 1955).
- Income Tax Act, 1962 (Act No. 58 of 1962).
- Customs and Excise Act, 1964 (Act No. 91 of 1964).
- Value-Added Tax Act, 1991 (Act No. 89 of 1991).
- Section 39 of the Taxation Laws Amendment Act, 1994 (Act No. 20 of 1994).
- Sections 56 and 57 of the Income Tax Act, 1995 (Act No. 21 of 1995).
- Tax on Retirement Funds Act, 1996 (Act No. 38 of 1996).
- Uncertificated Securities Tax Act, 1998 (Act No. 31 of 1998).
- Demutualisation Levy Act, 1998 (Act No. 50 of 1998).
- Skills Development Levies Act, 1998 (Act No. 9 of 1999).
- Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002).
- Small Business Amnesty and Amendment of Taxation Laws Act, 2006 (Act No. 9 of 2006).
- Second Small Business Amnesty and Amendment of Taxation Laws Act, 2006 (Act No. 10 of 2006).
- Diamond Export Levy Act, 2007 (Act No. 15 of 2007).
- Diamond Export Levy (Administration) Act, 2007 (Act No. 14 of 2007).
- Securities Transfer Tax Act, 2007 (Act No. 25 of 2007).
- Securities Transfer Tax Administration Act, 2007 (Act No. 26 of 2007).



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Any regulation, proclamation, government notice or rule issued in terms of the abovementioned legislation or any agreement entered into in terms of this legislation or the Constitution.

### ***Fiscal Policy***

The budget deficit, which exceeded 7% of GDP in 1993/94, was reduced progressively through both revenue measures and expenditure restraint, and for the last two years the budget has been in surplus. The turnaround in budgetary performance has brought the public debt burden down to moderate levels, which in turn has contributed to improved investor sentiment towards South Africa.

### ***Tax policy***

As a result of the tax base broadening efforts both in legislation and administration it has been possible to lower both individual and corporate tax rates.

In recent years it has also become possible to grant targeted concessions for small businesses, public benefit organisations, strategic investment projects, inner city renewal, and other initiatives that underpin government's broader economic and social policies. The administration of these tax expenditures has inevitably placed additional demands on SARS's capacity, which must be expanded to deal with these additional responsibilities.

### ***Advisory***

- **Research:** Research into various topics is done in order to assist the formulation of tax proposals and the drafting of legislation.
- **Budget inputs:** SARS is involved with the development of Budget announcements and assist with the publication of Budget material such as the Tax Proposals, Tax Pocket Guide and Budget Tax Guide for the printed media.
- **Legal drafting:** SARS plays a significant role in the development of an enabling tax and customs regulatory framework and is specifically involved in policy formulation and legislative drafting. It works closely with the National Treasury in the formulation and drafting of new legislation and amendments to existing legislation. It is also involved in the negotiation of tax treaties.
- **Primary legislation:** SARS contributes and give inputs to a range of legislation and explanatory memorandums for a wide variety of Bills. Joint submissions with National Treasury are made regarding commentary received by the Parliamentary Committee on Finance (PCOF).
- **Secondary legislation:** SARS is also responsible for the drafting of secondary legislation. This includes Regulations, Proclamations and Notices, which cumulatively contributes to explicating tax and customs matters and thus better service delivery.

### ***Social development (Security)***

South Africa has one of the highest Gini coefficients in the world, one of the many indicators of the massive inequalities that exist. These inequalities may be addressed on both the revenue gathering and expenditure sides of the budget. On the revenue side, SARS underpins Government's social policies to address this inequality both directly and indirectly. South Africa's tax system is progressive, meaning that it gathers proportionately more revenue from the wealthy. This is best demonstrated by the progressive rate structure for personal income tax. In

addition, although tax concessions can be more difficult to target appropriately than expenditure, exceptions to the approach of a broad tax base have been made through targeted tax concessions.

SARS is also responsible for the collection of the bulk of skills development levies and unemployment insurance contributions on behalf of the Sector Education Training Authorities and the Unemployment Insurance Fund, respectively. More generally, the tax system delivers the funds for spending on social development through grants, public works expenditure, etc.

SARS participates in the Inter Departmental Task Team (IDTT) on social security and retirement reform processes and will play its role once the policy has been decided.

### ***Trade policy***

South Africa is the largest and most developed economy in the Southern African region. Government is engaged in constant bilateral political dialogue and is active in several economic partnerships in the region. Concerted bilateral efforts are therefore being made to assist the process of regional integration and co-operation.

From a Customs perspective, the birth of South Africa's democracy in 1994, the re-entering into the global economy, and the implementation of tariff reform in terms of South Africa's World Trade Organisation commitments led to substantive amendments to the Customs and Excise Act and increases in responsibility.

On 23 October 2002, the South African President signed the new Southern African Customs Union Agreement, which came into force on 15 July 2004. This agreement is a revision of the original 1969 agreement. The new agreement provides for shared decision-making, simplification of Customs tariffs and a revised revenue-sharing formula.

Economic growth and development is dependent on income, investment and employment in the Republic. This is inter alia achieved through the administration of international trade. Trade policy falls within the domain of the Minister of Trade and Industry and includes international and national trade. The Republic is a member of the World Trade Organisation (WTO) and the Department of Trade and Industry is the lead department at the WTO.

South Africa is also a member of the:

- Southern African Customs Union (SACU), together with Botswana, Lesotho, Namibia and Swaziland; and
- Southern African Development Community (SADC).
- The Department of Trade and Industry (the DTI) negotiates international trade agreements on behalf of the Republic. The trade protocols of these agreements provide for preferential customs duty treatment for goods entering the territories of the respective parties. The Republic is currently a party, amongst others, to the following international trade agreements that provide for preferential duty treatment:
  - South African - European Union free trade agreement
  - SADC free trade agreement
  - SACU - European Free Trade Agreement (EFTA consisting of Iceland, Norway, Switzerland and Lichtenstein)

- The SACU trade agreements with the following countries are currently in the negotiation phase:
- SACU – Mercosur (Argentina, Brazil, Paraguay and Uruguay)
- SACU - India
- SACU - China

The Minister of Trade and Industry has the power in terms of the Administration Commission Act No. 71 of 2002 (the ITAC Act) to regulate imports and exports from the Republic. The ITAC Act also established the International Trade Administration Commission (ITAC) which reports to the Minister of Trade and Industry. In terms of the said Act ITAC must investigate matters relating to:

- Alleged dumping or subsidised exports;
- Safeguard measures;
- Customs duties; and
- Rebates and drawbacks of customs duties

The above measures are used to protect local industries or to support economic growth and development in the Republic.

The Minister of Trade and Industry also has the power to provide incentive schemes to support the local industry and the economy.

- Motor Industry Development Programme (MIDP - motor industry)
- Duty credit certificate scheme (DCCS - textile industry)
- Industrial Development zones (various industries)

Although the trade policy as discussed above is determined by the Minister of Trade and Industry, the administration of the international trade agreements, measures to protect or support local industries and the incentive schemes listed are administered by SARS who reports to the Minister of Finance.

Trade policy is given effect to and administered through the Customs and Excise Act, No 91 of 1964 (Customs and Excise Act) and in certain instances the Value-Added Tax Act, 89 of 1991 for which the Minister of Finance is responsible. In order to give effect to the trade policy decisions, amendments to these two acts but especially the Customs and Excise Act, are often required.

Key interdependencies SARS shares with other government departments

- The Department of Trade and Industry
  - In terms of giving effect to SACU
  - Trade commission tariffs for Customs
  - CIPRO
- Department of Home Affairs
  - With regard to Border Control Operational Coordinating Committee (BCOCC)
- South African Police Service
- Department of Foreign Affairs
  - VAT refunds and other diplomatic services
- 2010 Local Organising Committee

- In terms of giving effect to FIFA requirements in relation to Tax and Customs perspectives
- Department of Labour
  - Wage subsidy
  - Unemployment Insurance Fund
- Department of Health
- Department of Justice
  - National Prosecuting Authority
  - Master of the High Court
  - Assets Forfeiture Unit

Policy and implementation issues which are on the horizon and which may need more attention soon.

The most substantial of these issues are generally covered in the Budget Review. Key issues that deserve emphasis mentioned are:

- Implementation of mineral and petroleum royalties, social security contributions and other new charges or taxes.
- Administration of tax and customs measures for FIFA 2010 World Cup, based on experience with the FIFA 2009 Confederations Cup.
- Additional measures to underpin SARS's modernisation initiatives

### 3. Current policy processes

#### 3.1 Narrative account of processes linked to the policy/implementation questions identified above

The process can be summarised as follows:

##### ***Trade Agreements***

The Minister of Trade and Industry informs the Minister of Finance that Parliament has ratified the relevant international trade agreement in terms of the Constitution of the Republic. The Minister of Finance gives effect to the Republic's obligations in terms of the international agreement relating to preferential duty treatment through an amendment of the relevant Schedules of the Customs and Excise Act.

##### ***Incentive schemes like the MIDP and DC***

The Minister of Trade and Industry requests the Minister of Finance to give effect to the incentive scheme through an amendment of the relevant Schedules of the Customs and Excise Act.

##### ***Other duty measures***

Once ITAC has decided to conduct an investigation in terms of the ITAC Act it liaises with SARS to formulate a description of the goods under investigation to ensure that it is aligned with the Harmonised System issued by the World Customs Organisation (WCO) to which the Republic is party. All goods imported into the Republic are classified according to the Harmonised System

which is used worldwide by all WCO members. Effect is given to the Harmonised System structure in Part 1 of Schedule No. 1 of the Customs and Excise Act.

Notice of ITAC's intention to launch an investigation is given to the public in the Government Gazette for a period of six weeks to allow for public comment. The notice includes the description of the goods under investigation.

Investigators in the employ of ITAC will investigate the impact on local manufacturers and other importers of identical and like products before the matter is heard by ITAC.

ITAC makes a recommendation to the Minister of Trade and Industry. If the Minister of Trade and Industry approves the recommendation he/she requests the Minister of Finance to give effect to the trade policy decision in the Customs and Excise Act. On receipt, the office of the Minister of Finance forwards the request to SARS

SARS prepares a draft amendment to the Customs and Excise Act for the signature of the Minister of Finance. If the Minister approves and signs the amendments it is sent back to SARS for publication in the Government Gazette. Once published, SARS administers the trade policy as part of the Customs and Excise Act.

Amendments related to trade policy occurs often. As a result the Minister of Finance delegated most of his powers and duties relating to these amendments to the Deputy Minister of Finance in terms of section 118 of the Customs and Excise Act.

### ***Interpretation***

SARS facilitates the uniform and correct application of legislation by means of interpretation notes, rulings (including high level and advance rulings) and guides.

The Advance Tax Ruling system promotes clarity, consistency and certainty in respect of the interpretation and application of the tax laws to which it applies.

The acts administered by the Commissioner include a variety of discretions to be exercised by the Minister, for example, about 50 such discretions are contained in the Income Tax Act and Value-Added Tax Act.

### ***Dispute resolution***

SARS provides taxpayers with a fair and speedy dispute resolution process by resolving tax and customs disputes either through the Alternative Dispute Resolution (ADR) process or the litigation process via the tax boards, tax courts (which two courts are dedicated to resolve tax disputes) and higher courts.

### ***Some major legislation with regard to tax reform***

1. SARS Act (1997)
2. Introduction of Transfer Pricing Provisions
3. Taxation of Public Benefit Organisations
4. Residence Basis of Taxation
5. Capital Gains Tax
6. Advance Tax Rulings

7. Settlement of Disputes
8. Write-off of Taxes
9. Taxation of Small Businesses
10. Tax Practitioners Bill
11. Taxation of Foreign Sportspersons and Entertainers
12. Reportable Arrangements
13. Review of Anti-Avoidance Legislation and the general anti-avoidance rule (GAAR)
14. Tax Administration Bill (Draft)
15. Proposed Modernisation of Administrative Penalties
16. Repeal of the Marketable Securities Tax, Stamp Duties Act and the Uncertificated Securities Tax Act. The Securities Transfer Tax was introduced to tax the transfer of securities.
17. Introduction of Skills Development Levy and Unemployment Insurance Contributions
18. Proposed replacement of STC with a dividend tax
19. Proposed Customs Act rewrite

### 3.2 Diary for next six months

The following are SARS's commitments for the months ahead:

| <b>IMPORTANT DATES</b>   |   |
|--|---|
| <b>Minister of Finance</b>   | 6 months prior to financial-year end or any other date as decided by the Executive Authority, but NO later than 31 March 2009 |
| <b>CDE – 5 Million Jobs Project discussion</b>   | 2 April 2009  |
| <b>Inauguration</b>  | 9 May 2009  |
| <b>5<sup>th</sup> Meeting of the OECD Forum on Tax Administration, Mexico (Please note the Commissioner is the chair of the FTA)</b> | 28 – 29 May 2009  |
| <b>Auditor-General</b>   | 31 May 2009   |
| <b>Tentative date for the State of the Nation Address</b>  | 3 June 2009   |
| <b>FTA Bureau Meeting (Please note the Commissioner is the chair of the FTA)</b>   | 29 June 2009  |
| <b>First Medium Term Expenditure Framework submission</b>  | Between the 24 <sup>th</sup> June and 5 <sup>th</sup> July 2009   |
| <b>Minister of Finance</b>   | 31 <sup>st</sup> August 2009  |
| <b>Parliament</b>  | before 30 <sup>th</sup> September 2009  |
| <b>Medium Term Expenditure Committee sitting</b>   | September   |
| <b>Medium Term Budget Policy Statement</b>   | October   |

## 3.3 Deadlines for key products

| Phase   | Period                             | Primary Responsibility                                  |
|---|------------------------------------|---|
| <b>Preparation for submission of PAYE reconciliation declaration</b>  | 1 March – 31 March 2009            | SARS<br>Employers<br>Payroll companies<br>Practitioners |
| <b>Submission of EMP501 PAYE reconciliation declaration and employee tax certificate</b>  | 1 April – 30 May 2009              | Employers<br>Practitioners                              |
| <b>Data reconciliation in preparation for pre-population of returns</b>   | 1 June – 30 June 2009              | SARS  |
| <b>Preparation for submission of income tax returns for individuals (ITR12) including issue of ITRR return request forms to manual filers</b> | 1 June – 30 June 2009              | SARS<br>Taxpayers<br>Practitioners                      |
| <b>Manual submission of ITR12 income tax returns for individuals</b>  | 1 July – 18 September 2009         | Individual taxpayers<br>Practitioners                   |
| <b>Manual submission of IT12TR income tax returns for trusts</b>  | 1 July – 18 September 2009         | Trusts<br>Practitioners                                 |
| <b>Electronic submission of ITR12 income tax returns for individuals</b>  | 1 July – 20 November 2009          | Individual taxpayers<br>Practitioners                   |
| <b>Electronic submission of ITR12TR income tax returns for trusts</b>   | 1 July – 20 November 2009          | Trusts<br>Practitioners                                 |
| <b>Submission of IT14 and IT12EI income tax returns for companies and exempt institutions</b>   | 12 months after financial year-end | Companies<br>Exempt Institutions<br>Practitioners       |

**Turnover Tax:** Deadline for inclusion in 2009/10 tax year is 30 April 2009. Thereafter existing taxpayers can still apply but will only be included in Turnover Tax from 1 March 2010. Newly established businesses may apply within two months of commencement.

**VAT:** The deadline for submission of VAT returns and payment is the 25<sup>th</sup> of each month (you get until the last working day of the month if you submit and pay via eFiling)

**Provisional Tax:** Interim IRP6 returns and payments are due on the last day of February and the last day of August each year. This is in respect of individuals, trusts and companies with a 28 February year-end.

**PAYE:** EMP201 monthly returns and payments are due on the 7<sup>th</sup> day of the month following the relevant month (i.e. March returns and payments are due on 7 April).

### 3.4 Formal engagement with other departments/spheres of government already scheduled

#### ***IRPS Cluster***

SARS participates in and informs members of the International Relations, Peace and Security (IRPS) Cluster Meetings of its international activities. **The next IRPS Cluster is scheduled for the 7 April 2009 (usually on the first Tuesday of each month).**

#### ***IBSA Inter-departmental***

The Department of Foreign Affairs has scheduled a strategic session for all departments participating in IBSA for the 20 – 21 May 2009.

### 3.5 Engagements at international level

#### ***OECD CFA & FTA***

SARS and the National Treasury were admitted as observers to the OECD's Committee on Fiscal Affairs (CFA) in 2004. The CFA is based in Paris and holds two meetings per year, in January and June. The nature of the work of the CFA is practical in nature, with the focus being on taxation guidelines, standards and instruments regarding evasion and avoidance, indirect taxes and the implementation and modifications to the OECD Model Tax Convention. The Commissioner is the current Chair of the OECD Forum on Tax Administration. The 5th OECD FTA is scheduled for 28 – 29 May 2009 in Mexico.

#### ***Commonwealth Association of Tax Administrators (CATA)***

CATA represents the tax administrations of 47 Commonwealth countries, making it the largest grouping of its kind. The main objective of the organisation is to improve tax administration in all its aspects within the Commonwealth with particular emphasis on developing countries. This is done through the sharing of information and best practices and providing technical assistance to developing and least developed country administrations. The 30th Annual Technical Conference is scheduled for 27 September to 2 October 2009 in Malawi.

#### ***World Customs Organisation (WCO)***

The South African Government is a signatory to the Convention establishing the Customs Cooperation Council, now known as the WCO. The WCO consists of 173 members and is the inter-governmental organisation representing the interests of Customs administrations. The organisation is steered by its Council (on which all 173 Members are represented at the level of Head of Administration). This body meets annually in June. The WCO Policy Commission meets twice a year (in June before the Council and in December). The WCO Policy Commission and Council are scheduled from 22 to 27 June 2009 in Brussels. The WCO ESA Regional meeting is scheduled for 11 to 14 May 2009 in Zimbabwe.

#### ***IBSA Working Group on Revenue Administration***

The establishment of the Working Group on Revenue Administration was endorsed by the Ministers at the 4th IBSA Ministerial meeting and established as a fully-fledged Working Group within the IBSA framework. Reference is made to this in the New Delhi Communiqué, which reads as follows:



“The Ministers decided to formalise the establishment of an additional sectoral working group on Revenue Administration. The Ministers noted the signing of the Bilateral Mutual Administrative Assistance Agreements on Customs matters between India and Brazil and the conclusion of the negotiations on the Bilateral Mutual Administrative Assistance Agreements on Customs matters between India & South Africa, and South Africa & Brazil. The Ministers noted that the meeting of the Heads of Revenue Administration would be held in Brazil prior to the Second IBSA Summit.”

The 5th RASG will take place from the 14 – 15 July 2009 in Brazil and the 6th RASG 4th HRAWG meetings to be held from 14 – 17 September 2009 in South Africa. The 6th Trilateral Ministerial is scheduled for 17 July 2009 in Brazil and the Summit for 8 October 2009 in Brazil.

### ***African Tax Administration Forum (ATAF)***

At the “International Conference on Taxation, State Building and Capacity Development in Africa” held in Pretoria on the 28 - 29 August 2008, a Steering Group of seven African Commissioners were mandated to take forward the process of establishing the African Tax Administration Forum. Having tasked senior officials in their respective administrations with preparing documentation for the establishment, the Steering Group met in Cape Town, South Africa on 7 – 8 February 2009. There they agreed:

- On the formation of an interim secretariat hosted by SARS to implement the ATAF Roadmap;
- On the adoption of the Roadmap which provides a framework for 2009 – 2010 and beyond;
- To finalise the draft Constitution and By-laws toward the formal establishment of ATAF;
- To develop a Communications strategy; and
- To mobilise research capacity for studies on the state of tax policy and administration in Africa.

The ATAF Steering Group is expected to meet again in Kigali, Rwanda on 24 April 2009 on the margins of the ITD Conference on SMEs to review the progress made on the ATAF founding documents and plan for the inaugural conference, anticipated to take place in the first half of 2010. In the interim, technical events will be held on topical issues of tax administration. The 3rd Steering Group meeting is planned for August 2009.

### ***Southern African Customs Union (SACU)***

The new SACU Agreement entered into force in 2004 and provides, amongst others, for the application of the same customs and excise duties by the five SACU countries, the sharing of customs and excise revenue and the free-of-duty movement of goods between the territories of the SACU countries. The Agreement creates a number of institutions including the Customs Technical Liaison Committee, the Commission and Council of Ministers. These bodies meet on a quarterly basis. The next Commission and Council is scheduled for 30 March to 3 April 2009 in Lesotho.

### ***Southern African Development Community (SADC)***

The main objective of the SADC Trade Protocol is to promote regional economic development and integration. The Customs administrations of the 14 SADC countries are tasked with administering the Protocol’s provisions on the creation of a Free Trade Area and to develop strategies and instruments to facilitate the movement of goods between the SADC countries. The Protocol also provides for the establishment of the Sub-Committee on Customs Cooperation (SCCC), at the level of Head of

Customs administrations, which meets twice per year. The next SCCC is scheduled for 26 – 29 May 2009; venue is still to be confirmed.

***AU Sub-Committee for Director-Generals of Customs***

The AU sub-committee for Director-Generals is scheduled to meet in April or May 2009 in Cameroon.

**4. Vision statement relating to where the division should be in three year's time**

Commitment to SARS's vision and mission implies the need for constant review of and reflection on both the environment in which it operates, as well as its recent performance. This is needed in order to adapt strategies, plans and approaches, to improve its performance against its mandate on an ongoing basis, and to achieve its strategic objectives.

In 2007 SARS tabled a Strategic Plan for 2007/8 to 2009/10, including a Modernisation Agenda. Since the updating of the Strategic Plan for the 2008/9 financial year, significant changes to the environment, some of which were not anticipated at all at the beginning of the 2008/9 financial year, have already impacted the organisation. The marked economic downturn became evident in revenue collection during the 2008/9 tax year. Economic uncertainty and turbulence seem set to persist over the medium term. Reflecting on the likely impact of changes has acquired even more importance than in the past few years.

In updating SARS's strategy for 2009/10 financial year, consideration was given to the following:

- Changes in the global economic context;
- The South African context and the direction from the South African government;
- The attitudes and behaviours of taxpayers and potential taxpayers, and the compliance climate in South Africa;
- An assessment of SARS's past performance, and its delivery strengths and weaknesses;
- The SARS strategy and modernisation agenda as tabled in 2008/9;
- The SARS mandate, to collect all revenues due, ensure compliance, facilitate trade and protect South Africa's borders.

Key aspects of the environment in which SARS must fulfil its mandate are highlighted below, and the strategic response required by SARS then follows.

**The Economic Context**

The global and South African economy impacts SARS's business in several ways. First, the tax revenue due depends directly on company profits (CIT), the salary levels of individuals together with employment levels (PIT) and consumption (VAT). Trade volumes also fluctuate with changes in the economy. Less directly, the economic climate also impacts the compliance climate: for example, taxpayers and traders might attempt to delay payments due as long as possible (or longer), due to financial difficulties and their cash flow situation. Compliance levels are likely to fall when economic conditions deteriorate.

The Organisation for Economic Cooperation and Development ("OECD") suggests that in times of economic downturn, such as is currently being experienced, amongst other things specific risk areas are likely to include increased aggressive tax avoidance, structured finance transactions and transfer pricing. In addition, high net worth individuals who may have lost considerable wealth due to the significant falls in financial markets are also likely to engage in increased tax avoidance activity.

SARS utilises the macroeconomic projections of the National Treasury, for both the calendar and fiscal years, in framing its planning.

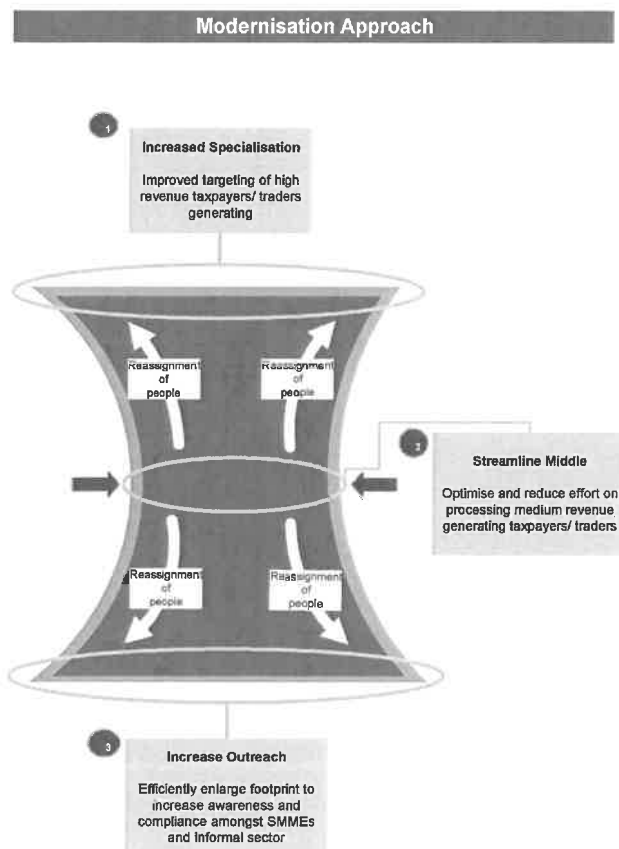
Internally, SARS will increase the investment in people development to maintain focus on core operational performance, whilst pursuing an ambitious modernisation agenda.

### **Modernisation Agenda**

SARS has been benchmarking against numerous tax and customs agencies internationally to understand the requirements for Modernisation. Our initial 2010 vision required sharper focus and therefore the Modernisation Programme is set to raise the performance standards of SARS to world class standards.

Implicit in the above is the recognition that modernisation is not simply about the introduction of technology. Interventions are also needed to deepen the understanding of taxpayer behaviour and how compliance can best be facilitated, the ability to detect and respond to both wilful and unintentional non-compliance, improve management processes and enhance human capability commensurate with technological development. Thus the modernisation agenda adopted comprises 10 interwoven programmes outlined below:

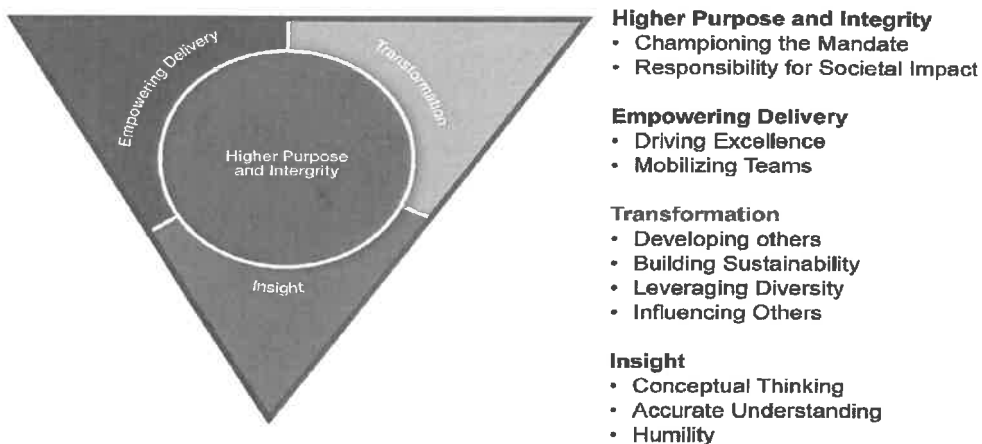
The modernising approach is summarised in the figure below.



### **Leadership competencies**

In order to optimise the value added by its people, SARS set out to define the leadership qualities and competencies it has those it needs to sustain performance, and those that need to be grown, with respect to the full spectrum of roles and levels of leadership needed within the organisation. SARS has also defined how these can be measured and hence monitored, as well as how best to utilise the current leadership capacity, and what development is indicated to further improve on the organisation's ability to deliver what the country requires of it. The components of SARS's leadership competency model are set out in the figure below.

**Figure: SARS Leadership Competency Model and how the competencies are defined**



The table below provides more detail on the key leadership competencies

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### Higher Purpose and Integrity

|   |   |
|---|---|
| <b>Championing the Mandate</b>            | Being personally committed to and taking initiative to do more than asked to promote and enhance the mission and mandate of SARS. |
| <b>Responsibility for Societal Impact</b> | Effectively managing the relationships and boundaries between SARS and the larger society of South Africa.                        |

### Empowering Delivery

|                               |   |
|-------------------------------|---|
| <b>Driving for Excellence</b> | Providing transparency and openness about performance, goals, standards and measures. Giving on-going objective feedback against clear standards. Letting people know where they stand. |
| <b>Mobilising Teams</b>       | Creating a culture of good leadership and a positive environment for the team to enable high performance.   |

### Transformation

|                                |  |
|--------------------------------|--|
| <b>Developing Others</b>       | Developing the technical skills and leadership abilities of all SARS personnel, not just direct reports, to create sustainable delivery capability.  |
| <b>Building Sustainability</b> | Building the systems, structure, and capability of the institution to ensure sustainable delivery of predictable results.  |
| <b>Leveraging Diversity</b>    | Recognising and leveraging relevant aspects of difference (race, gender, other sensitivities as relating to organisational performance) that enhances the effectiveness of the organisation. |
| <b>Influencing Others</b>      | Influencing others (peers, boss, public, or large sections of the organisation) to change their opinions or accept a desired course of action.   |

### Insight

|                               |  |
|-------------------------------|--|
| <b>Conceptual Thinking</b>    | Assimilating and applying new information, principles, best practices or past experiences in a useful way to support the objectives of SARS. Making the complex understandable and actionable to others. |
| <b>Accurate Understanding</b> | Accurately understanding the concerns and perspectives of others. Treating people with respect, as individuals, with understanding for their individual qualities.                                       |
| <b>Humility</b>               | Being realistic about yourself. Having the emotional composure to recognise and seek to remedy one's own limitations and to be a source of strength and calmness during difficulties.                    |

SARS's top leadership has been afforded the opportunity to develop an understanding of their current leadership qualities and competencies, as well as areas presenting a development opportunity, through intensive assessment and self-reflection processes. Self-understanding is seen as an important enabler in furthering leadership development, diffusing the desired leadership qualities to other tiers of leadership and embedding the leadership competency model within the organisation.

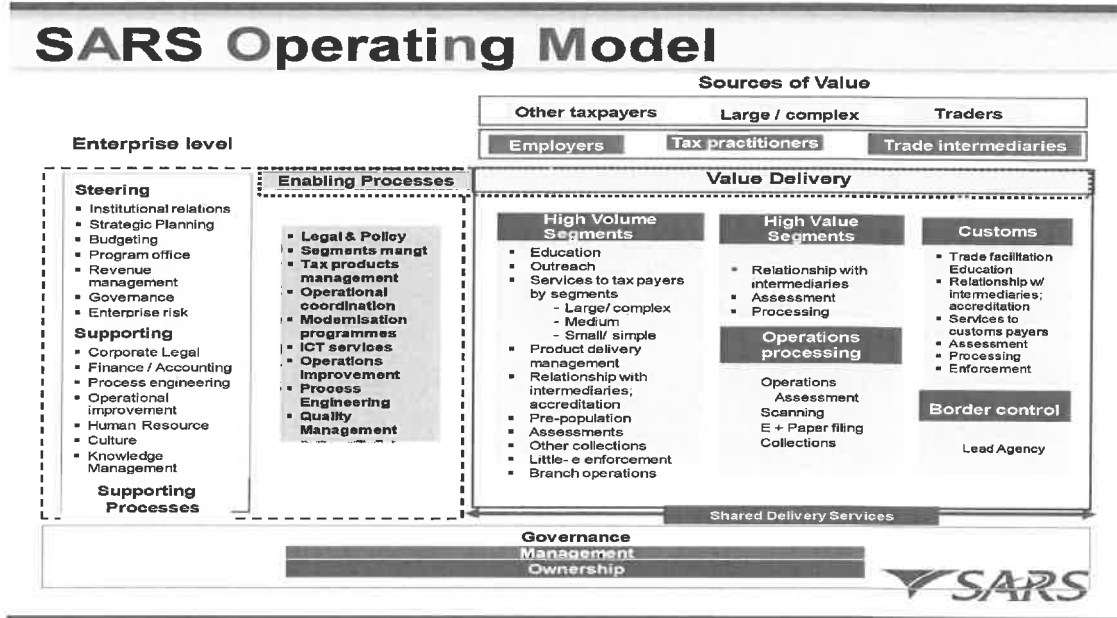
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## SARS's Operating Model

Along with the recognition that SARS requires a combination of leadership competencies, is the recognition that the separation of functions associated with distinct sets of competencies can more effectively leverage available skills and enable the matching of personal preferences with organisational needs. Thus SARS distinguishes between functions that are predominantly *advisory* in nature, *delivery* oriented, or *enablers* of delivery, as a basis on which to organise its staff and activities in order to deliver on its mandate. This new model reflects and embraces the changes introduced in the Modernisation Agenda, with the three functional broadly encompassing the following:

- Functions which are of an **advisory, strategic** nature include strategic planning, budgeting, revenue management, governance and enterprise risk management. These are captured under the heading “Steering” in the enterprise level section of the model below.
- Functions which are essentially **enabling and which support delivery** are listed under the headings “supporting” and “enabling processes” in the model below. Supporting includes functions such as corporate legal, finance and accounting, process engineering, operational improvements, human resources, knowledge management, and culture. Enabling functions include taxpayer segment research, tax products management, modernisation, quality management, and ICT services. Specific functions such as process engineering and operational improvements include both an advisory/strategic and enabling/support component.
- Functions that are involved in **service delivery** include customs, border control, small/medium/large tax payer (employers, tax practitioners, trade intermediaries, other segments) oriented units, branch office operations, operations assessment, scanning, eFiling, paper filing, collections, education, outreach and enforcement.

The diagram below depicts SARS’s operating model



SARS’s corporate strategic priorities, aligned to the new operating model, are outlined in the table below:

| <b>Delivery:</b>   | <b>Enabling and Advisory:</b>   |
|--|---|
| <p><b>Secure the revenue;</b><br/> <b>Strengthen compliance;</b><br/> <b>Improve border protection and management;</b><br/> <b>Improve operations management and productivity;</b><br/> <b>Ensure improved service and</b><br/> <b>Fix the basic legacy systems.</b></p> <p><i>THE BUSINESS UNITS RESPONSIBLE FOR DELIVERY ARE:</i></p> <ul style="list-style-type: none"> <li>• <i>Large Business Centre (LBC)</i></li> <li>• <i>Enforcement and Compliance Risk</i></li> <li>• <i>Business Enabling and Advisory Services (BEADS)</i></li> <li>• <i>Customs</i></li> <li>• <i>Taxpayer Services</i></li> </ul> | <p><b>Improve Governance;</b><br/> <b>Develop Human Capability;</b><br/> <b>Proceed with Modernisation;</b><br/> <b>Pursue Segmentation Strategy and</b><br/> <b>Consolidate the new Operating Model.</b></p> <p><i>THE BUSINESS UNITS RESPONSIBLE FOR ENABLING AND ADVISORY ARE:</i></p> <ul style="list-style-type: none"> <li>• <i>Human Resources</i></li> <li>• <i>Legal and Policy Division</i></li> <li>• <i>Institutional Integrity and Enablement</i></li> <li>• <i>Strategic Services</i></li> <li>• <i>Finance , Facilities and Procurement</i></li> <li>• <i>Governance and Risk</i></li> <li>• <i>Segmentation and Research</i></li> <li>• <i>Internal Audit</i></li> <li>• <i>Modernisation and Technology</i></li> </ul> |

Customer segment units are to be developed to provide more tailored support to meet the needs of various taxpayers who are seeking to comply with their tax obligations. Units specialising in addressing the needs of employers and practitioners will be the focus in 2009/10. In addition, SARS will be allocating additional resources to large businesses and high net worth individuals segments. These entities and individual taxpayers will be able to receive more prompt attention to their tax queries and requests for assistance, whilst we place increased focus on their compliance behaviour.

For individual taxpayers, SARS will continue to streamline and align the processes of collecting PIT with PAYE. SARS will be utilising other information available to the organisation and incorporating this into its records, in order to reduce the taxpayer's burden of collecting, copying and submitting information in order to comply with filing requirements. SARS will continue to improve upon the average assessment and refund turnaround time.

Small businesses with a turnover of less than R1 million per year will have the option of cutting their compliance costs through reducing the detail of administrative record keeping required of them, by opting and registering for the Turnover Tax, which is based simply on their turnover. This will also relieve them of the burden of registering for VAT and filing VAT returns.

Of particular relevance to medium and large businesses will be the focus on integrating and simplifying tax registration requirements. There will be a commensurate reduction in effort downstream, with respect

to providing SARS with updates regarding changes to their contact details, as SARS will be maintaining a single register. Work on re-engineering the processing of CIT and VAT will begin, where in due course businesses should see similar benefits to those gleaned by individual taxpayers with respect to a reduction in compliance burden. Companies that are also employers will continue to benefit from further streamlining of the PAYE payment and reconciliation processes.

With the re-engineering of customs systems, traders will see an improvement in processing times and SARS will improve its risk management.

For intermediaries and tax practitioners, a dedicated customer unit is to be expanded, along with dedicated channels for resolving queries. SARS recognises intermediaries as valuable partners, in enabling taxpayers to comply with their tax obligations with as little pain as possible. The organisation anticipates greater engagement with tax practitioners in future, in order to obtain their advice on possible improvements to service channels and the development of tools to make compliance more effective.

South Africans, and all who live in South Africa, can expect SARS to do what is required in order to collect revenue of R659.304 billion set by the Minister of Finance,. Albeit with an understanding of the financial stresses faced by those who owe revenue. Amongst other things, the revenue collected goes towards funding infrastructure and the delivery of services by the South African government. Additional effort will be applied by SARS, commensurate with the anticipated increase in border traffic associated with South Africa's hosting of the 2009 Confederation Cup, to manage the transit of goods into and out of the country, protecting the country's economy against the importation of dangerous and illicit goods.



### **National Treasury and the Project Spider Web**

The National Treasury is responsible for managing South Africa's national government finances. Supporting efficient and sustainable public financial management is fundamental to the promotion of economic development, good governance, social progress and a rising standard of living for all South Africans. The Constitution of the Republic (Chapter 13) mandates the National Treasury to ensure transparency, accountability and sound financial controls in the management of public finances. The Ministry of Finance is at the heart of South Africa's economic and fiscal policy development. The Minister of Finance and Deputy Minister of Finance are responsible for a range of state entities that aim to advance economic growth and development, and to strengthen South Africa's democracy.

The white establishment through the private sector has a huge influence in the running of the National Treasury. The history of this Influence dates back during the early 90's when the ANC and the National Party were negotiating the talks about talks. The white establishment felt it was too risky to leave the running of the government solely in the hands of the ANC. The white establishment came with the first project to influence the fiscal and monetary position of the country through a project known as "Project

Grapevine". The project's objective was to attract high level ANC officials to agree to hold economic transformation talks in Stellenbosch. When the ANC was winning the political war in Kempton Park, the ANC was also losing the economic war in Stellenbosch. Roelof Meyer and Professor Andre Kriel of Stellenbosch were the key drivers of Project Grapevine.

Post 1994, Project Grapevine was handed to Professor Hugo Nel from the University of Stellenbosch. Professor Hugo changed the structure of Project Grapevine and renaming it Project Spider Web. Professor Hugo restructured the project with new objectives and a new structure. The new project also attracted funding from the Rupert, Oppenheimer and the Rothschild families. The Oppenheimers withdraw their funding for project Spider Web in 2010. The Ruperts are still the biggest funders of Project Spider Web. Professor Hugo Nel was instrumental in ensuring that Johan Rupert is appointed the vice chancellor of the University of Stellenbosch. Since Rupert's appointments, Project Spider Web has grown from strength to strength. The project has the following objectives:

- Influence the design and Implementation of the economic, fiscal and economic policy

- Influence the appointment of key leaders in Reserve Bank, National Treasury, DTI and SOE's that fall under these three Institutions.
- Manage the outcomes of these institutions
- Defend the position of the Spider Web through the media
- Attack and prosecute critics of project spider web through SARS and the other means

This paper focuses on how National Treasury is managed and influenced through project spider web. The project is responsible for coordinating macroeconomic policy and promoting the national fiscal policy framework. The project also coordinates intergovernmental financial relations, manages the budget preparation process and exercises control over the implementation of the annual national budget, including any adjustments budgets.

Project Spider Web has a codename membership system allocated to different members who play a key role in this project. Trevor Manuel is codenamed as the King of Leaves and Maria Ramos as the Queen of Leaves. Members of the project who work in different position in government are also coded through various names, for instance, Dr Dan Majila is coded as the Iron Master. There are different levels of disclosure for members. Most members of this project are not aware

that they are part of a covert project to influence fiscal and monetary policy since they are handled through various handlers. This paper will identify individuals who are key members of Project Spider Web. These individuals are being handled through various means to achieve the objectives of Project Spider Web.

## **Members of the Project Spider Web inside National Treasury**

### **Government Technical Advisory Centre (GTAC)**



**Andrew Donaldson**

**Spider Web Code Name: The Emperor**

Andrew Donaldson studied at the University of Stellenbosch for a degree in economics, he studied together with Professor Hugo Nel. Andrew also studied in UNISA and Cambridge University. He taught Economics at the former University of Transkei, Rhodes University and the University of the Witwatersrand. Before 1991, He was also the strategic planner for the National Intelligence and Secret Services (NISS) for the Apartheid government.

He joined the then Department of Finance in 1992, and in 2001 was appointed Deputy Director-General with responsibility for the Budget Office and Public Finance in the National Treasury. His work covered spending

policy, social development and reform of the budget process and budget documentation.

He contributed to the work of the Katz Commission on tax policy, served on the Committee of Inquiry into a National Health Insurance System, was a member of the team that drafted the 1996 macroeconomic strategy and served on the Interdepartmental Task Team on Social Security and Retirement Reform.

In 2013 he was appointed Acting Head of the Government Technical Advisory Centre, an agency of the National Treasury which supports public finance management, public-private partnerships, employment facilitation and infrastructure investment.

He is chairperson of the Steering Committee of the Research Project on Employment, Income Distribution and Inclusive Growth located at the University of Stellenbosch. Andrew is the key player in Project Spider Web. Some of the people that find themselves at Treasury were once students of the Emperor at Rhodes university. The Fox and the Iron Master were once handled by the Emperor at Rhodes university when they were members of IESEC.

**Asset and Liability Unit**

Asset and Liability Management division manages government's asset and liability portfolio in order to ensure prudent cash management, asset restructuring, financial management and optimal management of government's domestic and foreign debt portfolio.



**Ms. Avril Halstead**

**Spider Web Code Name: The Fog**

Ms Halstead holds an MSC in Economic Policy from the University of London, an MBA from the University of Cape Town and an MA in Organisational Consulting from the City University, London she also holds a B Com honors and Social Science degrees. Ms Halstead is a Chief Director at the National Treasury in South Africa

where she has responsibility for overseeing approximately 40 of the largest state owned enterprises (SOEs). Prior to joining the National Treasury, Ms Halstead worked for McKinsey & Company, Old Mutual and Wipcapital, a subsidiary of Wiphold. She has also worked with a number of NGOs, notably the Nelson Mandela Foundation as well as the Family and Marriage Association of South Africa (FAMSA) and Ikageng, an organisation responsible for caring for HIV/AIDS orphans. She was nominated as a Young Global Leader and one of the Mail & Guardian's Top 200 Young South Africans in 2011.



**Anthony Julies**

**Spider Web Code Name: The Jackal**

The team is still searching for the CV. This is one member of the spider web who is the most secretive and extra careful.



**Budget office**

Coordinates the national budgeting process. This includes coordinating the allocation of resources to meet the political priorities set by government. While the standard of documentation produced with the budget is already impressive, the Budget Office constantly strives to improve the quality, usability and coverage of the publications produced. The division also provides fiscal policy advice, oversees expenditure planning and the national budget process, leads the budget reform programme, coordinates international technical assistance and donor finance, supports public-private partnerships (PPPs) and compiles public finance statistics.



**Marissa Moore**

**Spider Web Code Name: The Hustler**

**University of Johannesburg**

Johannesburg, South Africa | 1990 - 1993  
Bachelor of Science (BSc) (Honorary) Cum Laude -  
Industrial Sociology

University of Witswatersrand  
Johannesburg, South Africa | 1990 - 1993  
Master of Science (M.Sc.) - Social Science

### **Corporate Services**

The Corporate Services division is responsible for the department's governance framework, and aims to create a productive and creative working environment that enhances effectiveness. **No presence of the spider web, it's not a strategic unit.**

### **Economic Policy**

The Economic Policy division plays a central role in formulating and coordinating appropriate growth-enhancing policies that strengthen employment creation. The key responsibility of the Economic Policy division is to provide policy advice on macroeconomic developments, international economic developments and microeconomic issues. The division does this through policy analysis, scenario testing and the production of macroeconomic forecasts, in particular on growth, the external account and inflation. The forecasts inform economic policy, the fiscal framework, tax forecasts and debt management strategy. **Still**

searching for the presence of the spider web.

### **Tax and Financial Sector Policy**

The Tax Policy unit is responsible for advising the Minister of Finance on tax policy issues that arise in all three spheres of government. The Financial Sector Policy unit is responsible for the design and legislative framework of the financial sector as a whole, and works closely with regulatory agencies such as the Financial Services Board, Banking Supervision and Exchange Control (now to be called Financial Surveillance) departments of the Reserve Bank, and the Financial Intelligence Centre. The unit is responsible for liaison between the National Treasury and the Reserve Bank on matters related to bank supervision, financial stability and the national payments system.



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Mr Ismail Momoniat

**Spider Web Code Name: The Bull**

### **International and Regional Economic Policy**

The division comprises of two chief directorates: International Finance and Development and Africa Economic Integration.

South Africa aims to promote reform of the IMF and the World Bank. Policy is focused on exploring ways to reduce global financial market volatility and promote balanced global growth and development, including through government's participation in the G20, which South Africa chaired in 2008.

South Africa also plays an important role in encouraging these institutions to seek innovative solutions for poverty alleviation, and to promote regional and African growth and development with strategic alliances on the continent and with other emerging economies.

**Intergovernmental Relations**

This division is responsible for coordinating fiscal relations between national, provincial and local government as well as promoting sound provincial and municipal financial planning, reporting and management

**Office of the Accountant General**

The division seeks to achieve 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. It also focuses on the preparation of consolidated financial statements and an improvement in the timeliness, accuracy and efficiency of financial reporting.

**Public Finance**

Public Finance is primarily responsible for assessing budget proposals and reviewing service delivery trends in national government departments and their entities. The division also manages the National Treasury's relations with other national departments, provides budgetary support to departments, and advises the Minister and the National Treasury on departmental and government cluster matters.

**Office of the Chief Procurement Officer(O-CPO)**

The purpose of the O-CPO is to: Modernise the state procurement system to be fair, equitable, transparent, competitive and cost-effective; enable the efficient, economic, effective and transparent utilisation of financial and other resources; including state assets, for improved service delivery; and promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources.



**Kenneth Brown**

**Spider Web Code Name: The Tiger**

Mr Kenneth Brown is deputy director general: Intergovernmental Relations, a position he has held since July 2009. He has a MSc in Public Policy from the University of Illinois in the United States (USA),

BA (Hons) in Economics from the University of the Western Cape, and a primary teacher's diploma. After a career in teaching, Mr Brown joined National Treasury in 1998 as a deputy director: Financial Planning. He then went to the USA to study for his Master's degree and returned to National Treasury in 2001 as director: Provincial Policy, a role that underpins national transfers to provinces. Mr Brown was later appointed the chief director: Intergovernmental Policy and Planning, a responsibility which involves sector policies that impact on provinces and local government. He was a Vula operative.

## **SOE's Under National Treasury and under the Influence of the spider web**

**The South African Revenue Service (SARS)** is mandated by the South African Revenue Service Act (1997) to collect all tax revenues that are due, to provide a customs service, to protect national borders and to facilitate trade. SARS also works to expand the pool of tax contributors by promoting awareness of the obligation to voluntarily comply with tax and customs laws. SARS aims to conduct its activities in a way that enhances economic growth and social development. SARS reports to Deputy Minister of Finance. **At the present moment the Spider Web suffered a huge setback when their top members were suspended by the new commissioner. This unit was regarded as the enforcers of the spider web.**

### **The Public Investment Corporation (PIC)**

**PIC** is a government-owned investment management company – and one of the largest investment managers in the country. Founded in 1911, it became a corporate entity in terms of the Public Investment Corporation Act (2004). The PIC invests funds on behalf of public-sector entities. Its largest client is the Government Employees Pension Fund. PIC is governed by a Board of Directors with 10 members, of whom 7 are non-executive directors, excluding the traditionally



non executive Chairman. The Board's overarching role is to maintain sound corporate governance within PIC. As such, its responsibilities include appointing executive management, developing and approving corporate strategies, ensuring an effective governance framework, overseeing risk management and ensuring that PIC's business is managed prudently and responsibly.

The Board is assisted by six Board committees, namely the Audit and Risk Committee, the Investment Committee, the Human Resources and Remuneration Committee, the Directors' Affairs Committee, the Social and Ethics Committee and the Property Committee. The Board has also established four Fund Investment Panels to assist the Board in discharging its statutory duties and responsibilities in relation to investment in South Africa and the rest of the African continent. Board members are appointed by the Minister of Finance, who represents PIC's shareholder, the South African government, on the grounds of their knowledge and experience, mainly in the financial services environment. No fewer than seven Directors on the current Board are chartered accountants, with the other six Directors holding advanced qualifications in fields such as financial economics, business leadership, applied mathematics and tax law. The

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members of project spider web have been identified through codenames.

The spider web has huge Influence in the PIC. This unit it's very important for the white establishment since the PIC owns 34% of the JSE. White asset management firms rely on the PIC for the mandates. PIC has placed more than R70 Billion with Investec alone. The spider web being controlled by the queen of Leaves, she has started making moves to ensure that ABSA benefits from the Asset Management mandates.



**Spider Web Code Name: The Fox**

### **Mr Mcebisi Jonas, Chairperson**

- Chairperson of the PIC Board of Directors
- Chairperson of the Directors' Affairs Committee
- Bachelor of Arts in History & Sociology (Rhodes)
- Higher Diploma in Education
- Deputy Minister of Finance at National Executive (Executive)
- Member at National Assembly (Parliament)
- Member at African National Congress (ANC) Party

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**Master**

**Spider Web Code Name: The Iron**

**Mr Daniel Matjila, Chief Executive Officer**

- Member of the Investment Committee
- Member of the Property Committee
- Member of the Fund Investment Panels
- BSc (Hons) in Applied Mathematics (Fort Hare)
- MSc Applied Mathematics (Rhodes)
- PhD in Mathematics (WITS)
- Postgraduate Diploma in Mathematical Finance (Oxford)
- Senior Management Programme (University of Pretoria)
- Advanced Management Programme (Harvard)
- Member of the Board of Comprop
- Member of the Board of Ecobank Transnational Incorporated



**Spider Web Code Name: The Mistress**

**Ms Matshepo More, Chief Financial Officer**

- Member of the Fund Investment Panels
- CA(SA)
- Bachelor of Business Science (Finance)
- Certificate in the Theory in Accounting (CTA)
- Member of the Board of CBS Property Management (Pty) Ltd
- Member of the Board of Pareto Limited
- Member of the Board of ADR International Airports Company South Africa
- Member of the Board of ABASA



**Spider Web Code Name: The Countess**

**Ms Moira Moses, Independent Non-Executive Director**

- Chairman of the Property Committee
- Member of the Directors' Affairs Committee
- Member of the Audit and Risk Committee

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- Member of the Human Resources and Remuneration Committee
- Member of the Investment Committee
- BA
- Management Advancement Programme (Wits Business School)
- Member of the GEPF Board of Trustees
- Member of the Thusanang Trust, a non-profit organisation focused on Development Phase Education

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**The Government Employees Pension Fund (GEPF)** was established in terms of the Government Employees Pension Law (YEAR) to manage and administer pension matters/schemes related to government employees. The GEPF is self-funded. With a membership of about 1,2 million and 225 000 pensioners, it is one of South Africa 's largest pension funds. This is one unit that the queen of leaves has placed an agent.



**Hemal Naran**  
**Head of Investments and**  
**Actuarial**

**Spider Web Code Name: The**  
**Professor**

- Bachelor of Commerce degree in Actuarial Science
- Insurance and Risk Management from the University of the Witwatersrand and CAIA Charter holder
- He serves on the Investment Committee of the Pan African Infrastructure Development Fund
- Member of the Social Finance and Impact Investing

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Committee of the Institute of Actuaries (UK).

- Previously with ABSA Investments



**Ms Adri van Niekerk**

**Head: Board Secretariat**

**Spider Web Code Name: The Fixer**

- University of Pretoria: BAdmin Public Management
- University of Pretoria: Honours Degree in Public Management
- Member of the Integrated Reporting Committee of South Africa
- Previously with the University of Stellenbosch as the head of admissions

**Key actions moving forward**

The spider web has brought back the queen of leaves to restructure National Treasury moving forward. There are talks with the white establishment to position treasury as a strategic benchmark for most African Treasuries. Cyril Ramaphosa is seen as one of the most important events in the history of the Spider Web. There is a believe that once he is appointed the state president of South Africa, he will be able to achieve most objectives of the spider web that Thabo Mbeki failed to implement. Cyril has a long relationship with the King of leaves. They have worked together in many projects including the establishment of the NDP. Cyril's younger brother also worked with the Queen of leaves at ABSA bank for a brief period. Minister Nene is being handled by the Queen of Leaves.

During the recent World Economic Forum in Cape Town, Nene assembled all the DDG's and Chief Directors from National Treasury at a Cape Town hotel for a brief meeting. The Deputy Minister was not part of the meeting since he was travelling to Paris. These are the outcomes of the meeting:

The DG's position



LungisaFuzile, the current DG for National Treasury will not be extending his contract at the end of August 2015. He will be joining the faculty of economics at the University of Stellenbosch. His departure will be a catalyst for some big changes inside National Treasury. It is being heard through the grapevine that Avril Halstead will be promoted to the position of DG at treasury. She will be promoted to position of DDG very soon as a stepping stone for her to become the next DG. Michael Saks, the current DDG will be transferred to one of the SOE's. TumiMoleko, will be transferred to another ministry as a DDG that works with treasury.

#### State Owned Enterprises

Minister Nene stated that treasury must play a key role in the management of SOE's. He expects his officials to play a firm hand in managing the affairs of the SOE's. A number of changes will be happening at the SOE's. One the key actions that treasury must do, is to facilitate the participation of the private sector in the SOE's. Minister Nene stated that GTAC from treasury will be given a huge task of identifying private sector companies to partner with the SOE's.

Minister stated that the board of SAA must be terminated by September 2015. He also indicated that Maria Ramos was helping him to identify the new board members for the board of SAA.

The former CEO of Kulula.Kom has been identified as a replacement for Niko at SAA.

GTAC will be given the task of Identifying a strategic equity partner for SAA.

#### Eskom

Treasury must support the appointment of Brian Molefe. Eskom will be creating a position of COO and Koko Matshela will be filling in that position. Treasury is very close to sell the government stake in Vodacom and Eskom will be getting some cash injection.

#### Maria Ramos

Maria Ramos was also invited by the Minister to give a word of support to the staff at National Treasury. Maria praised the staff for the wonderful work they are doing. She stated that she will be assisting Minister Nene to identify skills for the key positions at treasury. She has already assisted in placing the key Chief Investment Officer at the GEPF. She will be assisting in

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identifying the CEO of GTAC, since Andrew Donaldson will be the Chairman.