TECHNICAL **INDICATOR DESCRIPTORS** 2015/16

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

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PERFORMANCE INDICATOR 2.1.1

Indicator title	Number of papers published by research institutions and internally
Short definition	Builds economic research capacity in academic and/or research institutions through the funding of economic research in line with public interest. Research topics would typically include promoting macroeconomic stability, poverty alleviation, retirement reform and financial sector development, or as research need arises.
Purpose/importance	Promote the development of economic research institutions through the funding of economic research on behalf of the department
Source/collection of data	Research papers are generated based on long term agreements with institutions such as Economic Research Southern Africa (ERSA) and other institutions, for *ad-hoc* economic research-related projects
Method of calculation	Number of research papers and discussion documents on economic growth, job creation and various microeconomic and macroeconomic subjects published annually on the ERSA website
Data limitations	Access to and availability of data or information required for research development
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	Achieve targeted annual research paper output
Indicator responsibility	DDG: Economic Policy and DDG: Tax and Financial Sector Policy

PERFORMANCE INDICATOR 2.2.1

Indicator title	Implement twin peaks model legislation
Short definition	Enabling legislation for the twin peaks model was introduced in 2013/2014; its implementation is necessary in order to establish the twin peaks regulators. Under the twin peaks model, the financial services industry and related structures will have two regulators: a prudential regulator, which will operate within the Reserve Bank; and a new market conduct regulator, which will be established within a restructured Financial Services Board.
Purpose/importance	Enable a stable financial sector through the introduction of the twin peaks model. This is a new approach to regulation, and has the following four main priorities: • Financial stability • Consumer protection and market conduct regulation • Expand access through market inclusion • Combat financial crime
Source/collection of data	• Evidence of activity towards establishing regulators • Evidence of other activity towards implementation , monitoring and evaluation of the legislation • Information published on NT website
Method of calculation	Implementation of the twins peaks model along the guidelines upon which the model was intended. The proposed model is designed to be: • Transparent • Comprehensive and consistent • Appropriate, intensive and intrusive • Outcomes-based • Risk-based and proportional • Pre-emptive and proactive • A credible deterrent to non-compliance, with prescribed standards • Aligned with applicable international standards The detailed implementation plan describes the changes that will need to take place in order for the new approach to be successful. The plan offers guidelines in a number of areas, including enforcement and conflict resolution. The plan proposes a two-stage implementation: • Stage 1 – 2013-2014: Development and discussion of supporting legislation • Stage 2 – subsequent years: Broader harmonization of regulatory systems and frameworks The success of the implementation of the twin peaks model will be measured against the milestones detailed in the implementation plan.
Data limitations	None
Type of indicator	Input – Economy
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	The twin peaks model is implemented as proposed in the two stage plan
Indicator responsibility	CD: Financial Stability

PERFORMANCE INDICATOR 2.2.2

Indicator title	Implement savings and retirement policies
Short definition	Implement regulatory reforms on savings and retirement policies that would lead to increased levels of national savings and enabling legislation
Purpose/importance	In order to increase levels of national savings policies will be developed to improve the national savings rate through reforms to the legislative framework governing the savings industry, including work being undertaken towards the implementation of retirement reform proposals
Source/collection of data	• Evidence of research undertaken to inform policy choices • Evidence of activity related to the implementation of policy, in line with targets specified in the Annual Performance Plan
Method of calculation	Number of policies developed and the extent to which the policies are implemented over a given period
Data limitations	None
Type of indicator	Outcome - Economy
Calculation type	Cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	Percentage increase in National Savings and percentage increase in retirement funds as reflected in macroeconomic data
Indicator responsibility	CD: Financial Investments and Savings

PERFORMANCE INDICATOR 2.3.1

Indicator title	Publish tax proposals in annual Budget Review
Short definition	Providing tax policy advice, tax revenue analysis, tax revenue forecasting and drafting the annual tax legislation
Purpose/importance	Ensure an effective, equitable and efficient tax policy and tax administration system
Source/collection of data	Tax proposals developed based on research, tax analysis and tax revenue forecasting
Method of calculation	Tax legislation published timeously with the annual Budget Review
Data limitations	Input into budget not provided timeously
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Tax proposals published annually in the Budget Review
Indicator responsibility	CD: Tax Policy

PERFORMANCE INDICATOR 2.3.2

Indicator title	Implement, monitor and evaluate environmentally sustainable tax legislation
Short definition	Implement environmental tax reforms aimed at targeting taxation on economic 'bads' such as pollution (carbon tax policy) and resource depletion
Purpose/importance	The objectives of environmental tax reforms are to increase the efficiency of resource use, to improve the environment and to increase citizen well-being both economically and environmentally
Source/collection of data	Macro-econometric modelling and forecasts would inform the environmental tax reforms as these models and forecasts would establish the effects of such reforms on industry and citizens. Research on environmental tax reform implementation in other countries is also as a source of data and input.
Method of calculation	Tax reforms and legislation are developed and implemented according to timelines in the annual budget and in internal planning documents
Data limitations	Limited insights into the effects of implementing new tax reforms and limited capacity to implement approved proposals or policies effectively
Type of indicator	Input – Economy
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Environmental sustainability is implemented in line with legislative requirements, and carbon tax policy is implemented during 2015
Indicator responsibility	CD: Economic Tax Analysis

PERFORMANCE INDICATOR 2.4.1

Indicator title	Provide economic analysis and assessment of government policy proposals
Short definition	Assess and provide advice on macro and microeconomic policy proposals within appropriate turnaround times
Purpose/importance	Good economic policy enables robust and sustainable economic growth, stable consumer price trajectories and increased levels of employment
Source/collection of data	• Reports on and analysis of key macroeconomic trends and variables • Reviews and economic assessment of government policy proposals • Economic advice based on reports and analysis • Reports on key sectors and growth-related microeconomic constraints • Inter-departmental and private stakeholder consultation on economic policy and related issues
Method of calculation	Turnaround time for policy proposal assessment from receipt of proposal to feedback/consultation provided
Data limitations	Quality of policy memoranda and policy proposals received. Quality and completeness of information received would affect turnaround times
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	• Reports on and analysis of key macroeconomic trends and variables within two days of publication • Reviews and economic assessment of government policy proposals within three weeks of request
Indicator responsibility	Economic Policy

PERFORMANCE INDICATOR 2.4.2

Indicator title	Development and maintenance of economic models
Short definition	Maintain and update all economic models that facilitate policy making as and when changes in policy occur
Purpose/importance	Ensure that economic models are up to date and reflect the current economic environment
Source/collection of data	• Evidence of relevant research being conducted • Evidence of updates being applied to the relevant economic models
Method of calculation	• Evidence of models being updated as planned
Data limitations	Changes in economic environment not communicated timeously, resulting in delays to updating corresponding economic model
Type of indicator	Input – economy
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Economic models are updated as changes affecting their accuracy/relevance are made
Indicator responsibility	Economic Policy

PERFORMANCE INDICATOR 2.4.3

Indicator title	Develop quarterly economic forecasts and high-quality policy and scenario modelling
Short definition	Build high quality comprehensive macroeconomic analysis and forecasts based on scenario modelling tools
Purpose/importance	Detailed and comprehensive economic models inform economic policy, and highlight areas where amendments or reforms to legislation are necessary
Source/collection of data	Evidence of analyses being completed as requested
Method of calculation	Turnaround time between requests and completed analyses
Data limitations	• Quality of input data into scenario models would affect the accuracy of models or forecasts • Turnaround times can be influenced by the need to consult or request further information from external stakeholders
Type of indicator	Output – economy
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Accurate and comprehensive macroeconomic analysis enabled by good quality scenario models
Indicator responsibility	Economic Policy

PERFORMANCE INDICATOR 2.4.4

Indicator title	Develop economic policy analysis, research, assessment and advice on macroeconomics
Short definition	Assess and provide advice on macroeconomic policy proposals within appropriate turnaround times • Provide briefing notes or memos to Minister or DG on macroeconomic issues/research including inflation, employment, exchange rate, capital flows and international growth strategies • Publish research papers (with external researchers) on employment, growth, consumption and investment policies • Provide monthly/quarterly reports on CPI, reserves, credit extension, monetary policy decisions, employment, trade and GDP growth
Purpose/importance	Provide macroeconomic analysis on critical issues affecting monetary policy, economic growth, investment and job creation in order to inform the Ministry of Finance, NT and engagements with the Economic Cluster
Source/collection of data	• Evidence of relevant data collected • Evidence of analyses being conducted • Evidence of appropriate levels of consultation being undertaken • Evidence of publications, briefing notes, reports and memos
Method of calculation	Number of analyses completed, reports produced and correspondence with stakeholders. Turnaround time of policy advice.
Data limitations	Turnaround times can be influenced by the need to consult or request further information from external stakeholders, such as other national departments, for example Availability and provision of relevant data and information from SARS, other national departments and external stakeholders
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	Yes
Desired performance	Respond to *ad hoc* requests for advice, including from the MSC, SCBFM, Economic Cluster Meetings, Cabinet Memos, Speeches within 2 weeks with quality inputs Publish at least two research papers (with external consultants) Write 10 briefing notes and memos for Minister or DG
Indicator responsibility	Economic Policy

PERFORMANCE INDICATOR 2.4.5

Indicator title	Develop economic policy analysis, research, assessment and advice on microeconomics
Short definition	• Assess and provide advice on microeconomic policy proposals within appropriate turnaround times • Publish research papers (with external researchers) on freight logistics, competition and firm level dynamics • Provide briefing notes or memos to the Minister or DG on microeconomic issues/research including mining, industrial, agricultural or competition policy, and regulation of network industries (including electricity, transport, communications) • Provide monthly/quarterly reports on growth and employment creation in key sectors
Purpose/importance	Provide microeconomic analysis on critical issues affecting competitiveness, economic growth, investment and job creation to inform the Ministry of Finance, NT and the economic-policy related departments in the Economic and Infrastructure clusters
Source/collection of data	• Evidence of relevant data collected • Evidence of analyses being conducted • Evidence of appropriate levels of consultation being undertaken • Evidence of publications, briefing notes, reports and memos
Method of calculation	Number of analyses completed, reports produced and correspondence with stakeholders. Turnaround time of policy advice.
Data limitations	Turnaround times can be influenced by the need to consult or request further information from external stakeholders such as other national departments, for example. Availability and provision of relevant data and information from SARS, other national departments and other external stakeholders
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	Yes
Desired performance	Respond within two weeks to *ad hoc* requests for advice (including ITAC, Economic Cluster meetings, Cabinet memos, speeches) with quality inputs Publish at least five research papers (with external consultants) Write 10 briefing notes and memos for Minister or DG
Indicator responsibility	Economic Policy