

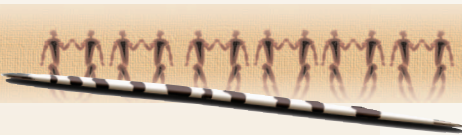


National Treasury Strategic Plan



2003-2006





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The 2003-2006 National Treasury Strategic Plan is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

To obtain copies, please contact:

Communication Directorate
National Treasury
Private Bag X115
Pretoria
0001
South Africa
Tel: +27 12 315 5948
Fax: +27 12 315 5160

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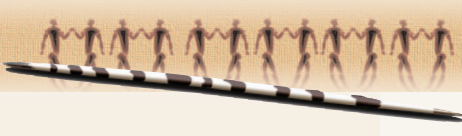
National Treasury Strategic Plan

2003-2006



REPUBLIC OF
SOUTH AFRICA







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Strategic Overview
STRATEGIC OVERVIEW





Strategic Overview

MINISTER'S STATEMENT OF POLICY AND COMMITMENT

This year's Budget is the tenth presented to a democratic South African Parliament. In February, we presented the fruits that we are reaping from the prudent, yet tough, economic policy choices made over the past decade.

Ten years ago the economy was in deep recession, growth was negative, inflation and the fiscal deficit high and future prospects low. Today the picture is vastly different. Our economy is growing and our public finances in a healthy state. Inflation has declined dramatically and investment flows have increased. Our macroeconomic and fiscal policies and fundamentals remain solid.

We are able, in the 2003 Budget, to extend and strengthen Government's growth and development strategy, reaping the fruits and increasingly realising our social and economic goals for a "Better Life for All".

Yet, there is by no means cause for complacency. We continue to face the challenges of unemployment and poverty, which, together with the rest of Government, we are charged with eradicating. This requires that we all place our full force behind the challenge, recognising the enormity of the task and the importance of responding to the President's call for improved service delivery to our communities.

The expansionary fiscal stance first signalled in the 2001 Budget is maintained for the 2003 MTEF, with the deficit widening to 2,4 per cent of GDP next year, before declining to 2,3 per cent in 2005/06.

This provides for real annual growth of 4,5 per cent in national and provincial non-interest expenditure to meet Government's expenditure priorities, further cuts in taxes to lower- and middle-income earners, and significant additions to infrastructure development.

Our challenge is to strengthen fiscal analysis capacity, deepening understanding of fiscal trends in the economy and their impact of long-term growth and investment.

One of Government's biggest challenges is creating employment. The Department of Labour is developing an integrated employment strategy in collaboration with the Presidency, the National Treasury and the Departments of Labour, Trade and Industry, Public Works and Provincial and Local Government. Various elements of the strategy will be presented at the Growth and Development Summit later this year.

Developing macroeconomic policies relevant to the challenge of growth and development include deepening South Africa's financial markets, gradually liberalising exchange controls, and improving financial-sector oversight and regulation. Also important, specifically in relation to the development of the Southern African region, is cooperation with neighbouring Southern African Development Community (SADC) countries on issues such as taxation, promoting investment and economic integration within the region. Our involvement in the New Partnership for Africa's Development (Nepad) remains a key focus and, more particularly, Africa's economic integration





through appropriate policy, governance and institutional development.

We continue to engage actively with multilateral institutions, including the International Monetary Fund, the World Bank, the G20, and the G24. Over the next three years we intend to strengthen our engagement, focusing on shaping the global development policy agenda to improve development policies for African economies and to increase the level of aid flows. These engagements share the fruits that we now enjoy, enhancing sustainable growth and development across the region.

Notwithstanding these achievements, the national Budget, and its outcomes, is the test of our achievements. Government plans its programme of delivery over a three-year period and the challenge is to implement our policy choices in a manner that holds us accountable to the people we serve. In particular, the *Estimates of National Expenditure* outlines the spending plans and priorities of each government department. For the first time, measurable objectives are introduced for each programme within a department's budget vote, as prescribed by the Public Finance Management Act. The introduction of these objectives raises the level of Government's commitment to budgetary transparency and accountability for expenditure outputs.

Departments are now required to publish three-year strategic plans, outlining the strategic and measurable objectives and service delivery targets. These plans are resourced through the departmental MTEF allocations. Service delivery progress against plan is reported on in departmental annual reports, completing the accountability cycle.

The presentation of strategic plans enhances transparency of the budget process, fundamentally changing the way in which Parliament and society engage with the Budget.

I would like to thank Maria Ramos, Director General of the National Treasury, and her team for their outstanding work.



Trevor Manuel
Minister of Finance



OVERVIEW BY ACCOUNTING OFFICER

Prudent fiscal policy and excellent financial management are the cornerstones of government finances. Having made the hard choices over the past few years, we are now able to reap the fruits of a greatly improved economy and enhanced social services for all South Africans.

Over the next three years, the National Treasury will focus on ongoing fiscal and budgetary reform aimed at promoting sustainable growth and development, poverty reduction, enhancing budgetary transparency and improving financial management. In particular, the *Budget Office*, *Public Finance*, *Intergovernmental Relations* and *Economic Policy and International Relations* divisions will intensify their efforts to develop and implement appropriate policies and legislation that contribute towards poverty reduction and enhance job creation.

A key player in the evolving intergovernmental system, the National Treasury will continue to focus on the implementation of financial and budget reforms underpinned by the Public Finance Management Act. Provinces and local government are at the forefront of delivery and efforts to improve their performance remain high on the Treasury agenda.

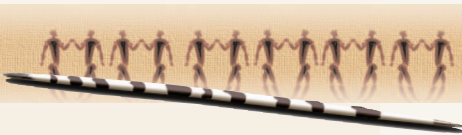
The recent publication of the *2003 Intergovernmental Fiscal Review* provides a consolidated review of how the nine provinces and 284 municipalities fund basic and social service delivery. We are pleased to report that provincial finances are stabilising and attention is now focused on improving the quality of spending in health, education and social development. At the local level, this year will see the introduction of the Municipal Finance Management Bill that extends and deepens financial management and budget reforms to municipalities.

South Africa's robust economic performance in the face of global turbulence is, in part, due to the strength and stability of our financial section and systems. Nepad and regional policy reform remain key foci of the National Treasury, more particularly, Africa's economic integration through appropriate policy, governance and institutional development. Commitment to regional collaboration is borne out by our focus on developing and implementing proposals for regional financial sector strengthening and integration. Efforts to minimise the extent of global economic "contagion" and volatility include examination of policies to manage capital account shocks and managing the transition from exchange controls to prudential regulation of the foreign investment of institutional investors.

Efficient management of public sector debt is a further priority for the National Treasury. In an environment of considerable global economic turmoil, South Africa's domestic and foreign debt continue to attract increasing demand. Furthermore, we project a decline in state debt costs to 3,8 per cent of GDP in 2005/05, releasing further resources for spending on Government's social and economic priorities.

Debt management activities ensure that we finance the government budget deficit at the lowest possible cost and risk. This means borrowing in the domestic and foreign markets, ensuring continued access to both markets and enhancing their liquidity through the issue of tradeable instruments, such as inflation-linked bonds. Our borrowing strategy is





complemented by prudent cash-management activities that ensure appropriate monitoring and regulation of cash movement.

Strengthening fiscal analysis capacity within the National Treasury in line with international trends and requirements towards robust public financial management. Following the Asian financial crisis in 1998, multilateral institutions and governments around the world agreed to implement a system of reviews of performance (Reports on Standard Codes or ROSCs) by governments on a broad range of policy issues. South Africa is one of a few countries to have completed all 11 of the ROSCs instituted by the International Monetary Fund and the World Bank.

Cabinet this year has identified the reform of government procurement policies as a key priority. Following the completion of a countrywide procurement assessment, the National Treasury developed and published for comment a *Policy Strategy to Guide Uniformity in Procurement Reform Processes in Government*. The strategy is aimed at promoting sound financial management and uniformity in the implementation of procurement reform initiatives across Government. It also provides the framework for review of the Preferential Procurement Policy Framework Act and its Regulations, ensuring that they contribute more effectively towards meeting Government's objectives for black economic empowerment over the medium term.

National Treasury intends to build on the progress made in public sector financial management and accounting. In this respect, the Accountant General's Office has initiated a complete process to draft formats for annual financial statements, ensuring that there is greater uniformity in reporting across national and provincial departments. The team has also circulated an internal audit framework for comment by all stakeholders. Strengthened capacity in the Accountant General's Office will enable it to roll out implementation of improved formats for financial reporting by national and provincial government and lead the migration of financial accounting and reporting towards Generally Recognised Accounting Practices (GRAP).

The finalisation of the restructuring of the National Treasury will be a key outcome of our budget vote. This process has now reached a stage where the absorption of staff and the redeployment of excess staff, where possible, are being implemented.

Our restructuring process has also necessitated a re-evaluation of our information technology environment. We intend to overhaul and completely restructure our Information Technology unit over the next 18 months, ensuring that the revised information technology strategic and service delivery plan that meets the National Treasury's business requirements as set out in its *Strategic Plan* for the 2003 MTEF period.

Management coordination and human resource development will remain key foci of the Treasury work programme over the next three years. We have created the position of Chief Operating Officer in the Office of the Director General to manage interventions in three critical areas – managerial support and coordination, targeted policy support and coordination, and streamlined administrative support and coordination.



Over the next three years, the Department will implement improved human resource processes, procedures and systems. Key among these is the implementation of new performance management and personal developmental systems, ensuring completion of performance contracts for all senior management and providing for further employee training and development at all levels.

On the financial management side we are pleased with the appointment of a new Chief Financial Officer and increased management capacity in that unit. Key priorities include the finalisation of the Department's financial manual and further progress on National Treasury delegations.

Our Legal Services unit has produced sterling work over that last period and provides a fundamental support function to the Department and the Ministry. National Treasury will strengthen the unit further over the next three years to enable it to provide legal services on a wider range of domestic and international finance legislation.

It is envisaged that, in support of the National Treasury's policy agenda for financial and fiscal reform, funds will be required to assist in passing and implementing significant pieces of legislation. These include the Municipal Finance Management Bill, the Financial and Fiscal Commission Amendment Bill and the Money Bills Amendment Procedure Bill. Proposed constitutional amendments to ensure appropriate interventions in municipalities faced with financial emergencies will be a major legislative item over the medium term.

This *National Treasury Strategic Plan for 2003-2006* provides details of our priorities and programmes for the next three years. Read together with Vote 8 of the *2003 Estimates of National expenditure* and our *2002/03 Annual Report*, to be published in August this year, it provides critical insight into the priorities and performance of the National Treasury team. We thank Minister Trevor Manuel and Deputy Minister Mandisi Mphahlela for their continued guidance and support.

Maria Ramos
Director General





VISION


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

We aspire to the highest standards of financial management and fiscal discipline. We acknowledge the importance of delivering excellent service and in this endeavour work as a team, planning with precision and executing with enthusiasm and commitment, striving at all times to improve our performance.

Our staff is a valued asset. We will invest in them, affording them opportunities to enhance their skills, to access the best technology and to advance their careers to their fullest potential.

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

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





MISSION AND OBJECTIVES

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

We endeavour to advance economic growth and income redistribution and to prepare a sound and sustainable national Budget and equitable division of resources between the three spheres of government.

We strive to equitably and efficiently raise fiscal revenue while enhancing the efficiency and competitiveness of the South African economy and to manage Government's financial assets and liabilities soundly.

We promote transparency and enforce effective financial management.

VALUES

As custodians of the nation's financial resources, the National Treasury is accountable to the nation through public and parliamentary process. We discharge our responsibilities professionally and with humility and adhere to the highest standards of financial management and fiscal discipline.

We value teamwork, sound planning and enthusiasm and always strive to improve our performance. Respect for and investment in our staff is an important part of our values.

The National Treasury will act transparently, with integrity, respect, fairness and objectivity and we honour the faith of the South African public.






LEGISLATIVE MANDATE

With its role defined within the Constitution of the Republic of South Africa and in the Public Finance Management Act, the National Treasury is responsible for promoting the national Government's fiscal policy framework and coordinating macroeconomic policy. We

coordinate intergovernmental financial and fiscal relations and manage the budget preparation process. The National Treasury exercises control over the implementation of the annual national Budget, including any adjustments Budgets. We facilitate the implementation of the annual Division of Revenue Act, monitor the implementation of provincial budgets and promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of departments, public entities and constitutional institutions. We also perform other functions assigned to the National Treasury in terms of these Acts.





SERVICE DELIVERY ENVIRONMENT

The National Treasury manages its service delivery and implements its broad priorities through the activities of the Department's eight programmes. Our ongoing fiscal reform is aimed at promoting sustainable growth and development, poverty reduction, enhancing budgetary transparency and improving financial management. We continue to develop systems to improve the monitoring and reporting of public expenditure, enhancing transparency and accountability, thereby contributing to improved service delivery over the medium term.

On the financial management priorities, the development of public sector accounting rules will help to enhance the quality, accuracy and usefulness of Government's financial statements. National Treasury is helping to design and implement financial statements, which will be in line with the Generally Recognised Accounting Practice (GRAP) standards, currently being set by the Accounting Standards Board.

Macroeconomic policies

Our macroeconomic policies are developed to be relevant to the challenges of globalisation and include deepening South Africa's financial markets, gradually liberalising exchange controls, and improved financial sector oversight and regulation. We actively engage in the development of the Southern African region through cooperation with neighbouring Southern African Development Community (SADC) countries on issues such as taxation, promoting investment and economic integration within the region.

Stronger relationship with provincial and local government

A key area where progress has been made is in the development of the National Treasury's relationship with other spheres of government. Here, the National Treasury has sought to articulate consistent policies, which promote development and increase social and economic equality. One way in which it pursues this objective is through the enactment of the annual Division of Revenue Act, which governs the management of grants to both the provincial and local spheres. New frameworks for the allocation of these grants provide sharper definitions of the purpose and intended outputs for each grant. This enhances transparency and is expected to lead to improved delivery.

The ongoing evolution of the system of intergovernmental fiscal relations will be achieved at the provincial level by rationalising grants to ensure that there are fewer, but better-administered grants. With the turnaround in provincial infrastructure investment, it is envisaged that the Provincial Infrastructure Grant will be phased into the equitable share. Future initiatives will focus on institutionalising good practices in relation to infrastructure planning, supply-chain management (procurement) and delivery. At the local government level the priority will be to reinforce budget reform and financial management. The aim is to assist municipalities to enhance their financial management capacity and to strengthen the link between policy, planning and budgets.





Implementing the PFMA

Transforming public sector financial management is a key objective of the National Treasury. To this end, the Department is implementing the Public Finance Management Act (and the Municipal Finance Management Act when the latter is enacted), and providing and managing appropriate systems for monitoring and managing expenditure. It is rolling-out financial management systems, which will ensure not only the transparency of expenditure but also the effective and efficient use of scarce resources to achieve social transformation. These systems for enhancing the integrity and effectiveness of supply-chain and expenditure management have been among the most important of National Treasury's reforms.

Appropriate tax policies

The South African Revenue Service, a public entity reporting to the Minister, has consistently exceeded its revenue targets and has been most efficient and effective in its revenue collection. It has introduced e-filing and payments, implemented a capital gains tax, changed the nature of taxation from source based to residence-based, and also developed a risk-management approach to compliance, with emphasis on the measurement of the tax gap and the identification of high-yield strategies.

Reviewing the taxation of retirement savings, introducing a mining royalty tax, considering tax measures to support investment and enhancing revenue-estimation capacity will form a part of the development of appropriate tax policies for the country.

Managing public sector debt

Our Asset and Liability division is charged with the efficient management of public sector debt. This division manages the financing of the budget deficit. Mechanisms for financing the government deficit for the 2003 budget year are currently being put in place. These include borrowing in the domestic and foreign markets and using the proceeds of the restructuring of state-owned enterprises. The main objective is to finance at a lower cost while taking cognisance of the risk limits. This approach will be implemented within a prudent cash management framework that ensures that the movement of cash is properly monitored.



ORGANISATIONAL ENVIRONMENT

The implementation of the National Treasury restructuring has shaped a lot of the organisational environment within the department. This process is now in its final phase and involved a series of activities and consultations with the Department of Public Service and Administration and employee organisations. The restructuring entailed, among others, the creation of appropriate organisational structures for the various chief directorates, the identification of suitable employees for absorption against the new structures and the redeployment of others to appropriate positions within the National Treasury. The enhanced functions of the eight divisions created under the National Treasury required the recruitment of a number of professional staff. The delegation of powers to divisional heads to appoint employees below the senior management level helps to expedite decision-making in the appointment of new staff.

Further expansion of the eight divisions necessitates additional accommodation requirements over the 2003 MTEF period. The National Treasury is considering undertaking infrastructure renovations to the 38 Church Square building, dependent on positive engineering reports. The next three years will also see the completion of refurbishment of the 240 Vermeulen Street building, revision of the internal arrangements in 40 Church Square to optimise divisional accommodation and refurbishment of the Cape Town office at 120 Plein Street. The extensive efforts we put into our accommodation have assisted in creating a far more conducive working environment for National Treasury staff.

The restructuring also impacted on the National Treasury's information technology requirements. National Treasury's new business arrangement demands the re-evaluation of its information technology requirements and calls for the reshaping of its information technology focus over the MTEF period. National Treasury is therefore busy restructuring the Information Technology unit over the next 18 months.

The implementation of the Public Finance Management Act is ongoing, with the National Treasury showing a good implementation record. A risk-management exercise has been completed and a fraud-prevention plan developed. Internal controls and asset management procedures have been implemented.

At the level of management coordination, we have created the position of Chief Operating Officer in the Office of the Director General. It is envisaged that management coordination, policy support and coordination will be managed from this office.

Each of the eight divisions has developed strategic plans in line with the National Treasury mission and objectives. These plans inform the National Treasury calendar of events and work programme of the next three years.



RESOURCE PLAN

Expenditure estimates

Table 1: National Treasury

Programme	Adjusted appropriation	Revised Estimate	Medium-term expenditure estimate		
			2003/04	2004/05	2005/06
R thousand	2002/03		2003/04	2004/05	2005/06
1 Administration	118 405	112 405	102 382	98 598	105 490
2 Economic Planning and Budget Management	124 354	101 354	122 593	134 598	137 343
3 Asset and Liability Management	31 613	25 613	42 831	42 163	45 559
4 Financial Management and Systems	313 584	293 584	357 716	387 473	415 191
5 Financial Accounting and Reporting	56 195	6 195	63 208	69 764	74 984
6 Provincial and Local Government Transfers	2 480 000	2 355 000	3 061 403	3 418 511	3 627 451
7 Civil and Military Pensions, Contributions to Funds and Other Benefits	1 915 635	1 915 635	2 029 569	2 163 966	2 293 804
8 Fiscal Transfers	5 316 868	5 291 868	5 992 605	7 100 589	7 136 954
Subtotal	10 356 654	10 101 654	11 772 307	13 415 662	13 836 776
Direct charge on the National Revenue Fund	170 692 781	170 706 849	193 372 030	208 392 096	222 626 442
Provinces Equitable Share	123 456 849	123 456 849	142 386 030	155 313 096	167 556 442
State Debt Costs	47 235 932	47 250 000	50 986 000	53 079 000	55 070 000
Total	181 049 435	180 808 503	205 144 337	221 807 758	236 463 218
Economic classification					
Current	7 682 376	7 453 376	8 335 713	9 501 185	9 882 962
Personnel	153 358	117 358	206 187	218 418	230 205
Social contributions	1 777 038	1 777 038	1 890 359	2 023 904	2 145 339
Transfer payments	5 283 578	5 156 578	5 763 374	6 748 837	6 963 623
Other current	468 402	402 402	475 793	510 026	543 795
Capital	2 674 278	2 648 278	3 436 594	3 914 477	3 953 814
Transfer payments	2 640 916	2 617 916	3 418 279	3 898 418	3 936 677
Acquisition of capital assets	33 362	30 362	18 315	16 059	17 137
Total	10 356 654	10 101 654	11 772 307	13 415 662	13 836 776
Programme	Adjusted appropriation	Revised Estimate	Medium-term expenditure estimate		
			2003/04	2004/05	2005/06
R thousand	2002/03		2003/04	2004/05	2005/06
Standard items of expenditure					
Personnel	153 358	117 358	206 187	218 418	230 205
Administrative	47 369	46 369	54 881	59 388	63 505
Inventories	10 497	10 497	10 840	11 353	11 775
Equipment	36 039	33 039	15 974	13 637	15 164
Land and buildings	–	–	4 800	5 100	4 800
Professional and special services	402 326	337 326	401 831	430 478	459 191
Transfer payments	7 924 494	7 774 494	9 181 653	10 647 255	10 900 300
Miscellaneous	1 782 571	1 782 571	1 896 141	2 030 033	2 151 836
Total	10 356 654	10 101 654	11 772 307	13 415 662	13 836 776



EXPENDITURE TRENDS

In the main, the National Treasury budget vote is made up of transfer payments that make up about 80 per cent of the total budget. These transfers are for Civil and Military Pensions, Secret Services, Fiscal Transfers and Provincial and Local Government Transfers.

The National Treasury's core budget, resourcing Programmes One to Five, amounts to only R688,7 million in 2003/04, R732,6 million in 2004/05 and R778,6 million in 2005/06. This reflects expenditure growth of about 10 per cent a year over the medium term.

The largest structural change to the Department's budget over the past year is the shift of responsibility for accounting systems from *Financial Accounting and Reporting* to *Financial Management and Systems*. This move was designed to ensure greater integration of the management and development of Government's crosscutting financial systems into the planning for the full implementation of the Public Finance Management Act.

The number of employees in the Department rose by almost 41 per cent between 2000/01 and 2001/02, when the amalgamation of the previous departments of Finance and State Expenditure and the creation of new departmental functions necessitated the expansion of posts. However, the Department does not expect to employ more people over the medium term, with personnel numbers remaining at around 750 people.

Direct charges from the National Revenue Fund

The budget of the National Treasury is used as the vehicle through which funds are channelled to provincial government. This is in terms of the constitutional requirement that they obtain an equitable share of revenues raised through national taxes. In addition, it is through the budget of the National Treasury that funds are allocated for the servicing of Government's debt obligations. The direct charges on the National Revenue Fund will rise by a little over 9 per cent a year over the medium term.

Allocations to the provinces will continue to grow at over 10 per cent a year over the medium term. This growth facilitates the overall increase in spending on services to the public, especially through the social services sector, which is funded through provincial government budget.



Programme Strategic Plans
PROGRAMME STRATEGIC PLANS





Programme Strategic Plans

PROGRAMME 1: ADMINISTRATION

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

Measurable objective: The programme aims to provide an effective management and administrative support service to the core business divisions within National Treasury through continuous refinement of organisational strategy and structure to ensure compliance with applicable legislation and appropriate best practices.

The programme is divided into five subprogrammes:

- The *Minister* subprogramme provides for the Ministry of Finance and includes Parliamentary and Ministerial support services.
- The *Deputy Minister* subprogramme provides for the Office of the Deputy Minister of Finance and related support services.
- *Management* funds the Office of the Director General and related support services.
- *Corporate Services* supports the administration and smooth running of the Department.
- *Sector Education and Training Authority* (Seta) allocates funds to Fasset, the Sector and Education Training Authority for finance, accounting, management consulting and other financial services.

Policy Developments

The Minister of Finance, as a Member of Parliament, places a high premium on the Ministry's interaction with the Legislature. The Ministry ensures active collaboration with Members of Parliament and with the parliamentary committees on an ongoing basis. Key to this objective is the *Parliamentary Office* located in the *Ministry*.


Headed by a director, the *Parliamentary Office* has to foster a transparent and cooperative working environment with Parliament. It is the representative office of the Minister of Finance at Parliament and the vehicle through which financial policies and procedures and legislation are presented to Parliament for consideration and approval.

The Office facilitates the flow of information from the Treasury via Cabinet to Parliament. It serves a liaison role by ensuring that parliamentary decisions are forwarded to Treasury and, in this way, policy drafters are kept abreast of the views of public representatives.

The *Parliamentary Office* is essentially a service provider to the Minister of Finance, the three departments under his executive authority (the National Treasury, the South African Revenue Service and Statistics South Africa) and the two chairpersons of the respective finance committees in Parliament.

Over the next three years the Office aims to build on the Minister's proactive relationship with Parliament, maintaining collegial and cooperative relationships with political





structures and parliamentary committees, in particular the recently established Budget Committee.

The Office intends playing a crucial supporting role when the National Treasury engages with Parliament regarding progress on the budget reform programme, with specific reference to the Constitutional requirements for money bill amendment powers. It will also serve as the conduit through which the National Treasury presents draft financial legislation and policies to the Legislature over the MTEF.

As the Head of Treasury *Management* and at hub of Government business, the Director General of the National Treasury faces a wide range of responsibilities and demands, many of which are notably strategic in respect of Government's political and economic direction.

These responsibilities, when placed on the shoulders of a single individual, demand extraordinary strategic, political, technical and managerial skills, effort and commitment.

National Treasury has chosen to pilot the model of the *Chief Operations Officer* to support the Director General and raise her capacity to respond to the strategic, policy and organisational challenges that she faces.

Strategic support to the Director General is based on interventions in three critical areas – managerial support and coordination, targeted policy support and coordination, and streamlined administrative support and coordination.

The position of Chief Operations Officer has been created to provide critical strategic management support and coordination to the Director General. The Director General retains executive oversight. The model provides for the delegation of work to a senior manager at the level of Deputy Director General, in the same manner as the other eight divisional heads.

The National Treasury senior management team is presently discussing proposals regarding the enhanced functions of the Office of the Director General. It is expected that a revised structure for the office will be approved and new positions advertised and filled later this year.

The *Corporate Services* division manages the *Administration* programme. The division is responsible for financial management and administration within the National Treasury and aims to create a productive and creative working environment that enhances departmental efficiency.

The division consists of four units – Human Resources Management, Financial Management, Legal Services and Communication and Information Technology – that provide the backbone support-service operations to the core business of the National Treasury.

In 2000/01 major restructuring saw the former Finance and State Expenditure departments merge into one department, the National Treasury. The *Human Resource Management* unit is responsible for the overall restructuring of the Treasury in accordance with the *Aligned Framework: Restructuring of the National Treasury*. The