Subprogramme	Output	Measure/Indicator	2003 Target/ Milestone	2004 Target/ Milestone	2005 Target Milestone
Financial and Fiscal Commission	Advice and recommendations in terms of the FFC Act and the Intergovernmental Relations Act	Present annual submission to Parliament, the provincial legislatures and SALGA at least 10 months before the start of the annual budget cycle	Printed document submitted to Parliament and distributed to the provincial legislatures, SALGA, and the Minister of Finance by 30 April 2003 or on a later date as agreed to by the Minister of Finance	Printed document submitted to Parliament and distributed to the provincial legislatures, SALGA, and the Minister of Finance by 30 April 2004 or on a later date as agreed to by the Minister of Finance	Printed document submitted to Parliament and distributed to the provincial legislatures, SALGA, and the Minister of Finance by 30 April 2005 or on a later date as agreed to by the Minister of Finance
		Comment on or submit recommendations on the Division of Revenue Bill to the Minister of Finance and Parliament at least 14 days before the introduction of the Bill in Parliament	Written submission on the Division of Revenue Bill made to the Minister of Finance and Parliament at least 14 days before the introduction of the Bill in Parliament	Written submission on the Division of Revenue Bill made to the Minister of Finance and Parliament at least 14 days before the introduction of the Bill in Parliament	Written submission on the Division of Revenue Bill made to the Minister of Finance and Parliament at least 14 days before the introduction of the Bill in Parliament
		Respond to requests from stakeholders, on other policy issues and on legislative obligations according to the mandate of the FFC within 45 days	Response to requests from stakeholders, on other policy issues and on legislative obligations according to the mandate of the FFC finalized within 45 days	Response to requests from stakeholders, on other policy issues and on legislative obligations according to the mandate of the FFC finalized within 45 days	Response to requests from stakeholders, on other policy issues and on legislative obligations according to the mandate of the FFC finalized within 45 days
Financial Intelligence Centre	Ensure compliance measures are adhered to within Accountable Institutions	Appointment of Compliance Officers and introduction of compliance measures	Reporting of Suspicious and Unusual Transactions	Additional compliance measures implemented by July 2003 – requiring of accountable institutions that they put in place “know your customer”, record keeping, appointment of compliance officers, and staff training	Expanded capacity to ensure ongoing monitoring of compliance
	Provide guidance and combat money laundering activities	Awareness programmes and training seminars	Ongoing awareness and rollout of training	Ongoing awareness and rollout of training	Ongoing awareness and rollout of training
	Monitor and analyse financial transactions for evidence of laundering activities	Analysis of transactions activities revealing patterns of laundering activity	250 suspicious training reports from accountable institutions	3 000 suspicious training reports from accountable institutions	5 000 suspicious training reports from accountable institutions
	Scoping, designing and installing IT systems	Design, acquisition and implementation of the IT systems	Design and acquisition of the IT systems to enable functioning by March 2003	Scope future IT systems and architecture, and proceed on development, acquisition and installation	75 per cent of the IT systems implemented by 2005

RESOURCE PLAN

Expenditure Estimates

Table 10: Fiscal Transfers

Subprogramme R thousand	Adjusted appropriation 2002/03	Medium-term expenditure estimate 2003/04	 2004/05	 2005/06
Lesotho and Namibia	277 837	157 632	167 044	177 767
Development Bank of Southern Africa	1	40 001	40 001	40 001
World Bank Group	1	1	1	1
Highly Indebted Poor Countries Initiative	45 000	55 000	55 000	–
African Development Bank	116 373	129 567	154 316	163 575
South African Revenue Service	3 501 950	3 792 007	4 602 509	4 748 312
Financial and Fiscal Commission	12 038	12 679	13 759	13 875
Secret Services	1 328 668	1 768 718	2 055 239	1 979 940
Financial Intelligence Centre	35 000	37 000	12 720	13 483
Total	**5 316 868**	**5 992 605**	**7 100 589**	**7 136 954**
Change to 2002 Budget Estimate	248 805	567 455	1 172 833	
Economic classification				
Current	4 625 952	5 108 816	6 078 535	6 256 052
Personnel	–	–	–	–
Transfer payments	4 625 952	5 108 816	6 078 535	6 256 052
Other current	–	–	–	–
Capital	690 916	883 789	1 022 054	880 902
Transfer payments	690 916	883 789	1 022 054	880 902
Acquisition of capital assets	–	–	–	–
Total	**5 316 868**	**5 992 605**	**7 100 589**	**7 136 954**
Standard items of expenditure				
Personnel	–	–	–	–
Administrative	–	–	–	–
Inventories	–	–	–	–
Equipment	–	–	–	–
Land and buildings	–	–	–	–
Professional and special services	–	–	–	–
Transfer payments	5 316 868	5 992 605	7 100 589	7 136 954
Miscellaneous	–	–	–	–
Total	**5 316 868**	**5 992 605**	**7 100 589**	**7 136 954**

R thousand	Adjusted appropriation 2002/03	Medium-term expenditure estimate 2003/04	2004/05	2005/06
Transfer payments per subprogramme				
Lesotho and Namibia	277 837	157 632	167 044	177 767
Development Bank of Southern Africa	1	40 001	40 001	40 001
World Bank Group	1	1	1	1
Highly Indebted Poor Countries Initiative				
International Monetary Fund	45 000	55 000	55 000	–
African Development Bank	116 373	129 567	154 316	163 575
South African Revenue Service	3 501 950	3 792 007	4 602 509	4 748 312
Financial and Fiscal Commission	12 038	12 679	13 759	13 875
Secret Services	1 305 690	1 768 718	2 055 239	1 979 940
Financial Intelligence Centre	57 978	37 000	12 720	13 483
Total	**5 316 868**	**5 992 605**	**7 100 589**	**7 136 954**

Expenditure trends

Fiscal Transfers makes up about 50 per cent of the Department's budget, with the bulk of the allocation made to the South African Revenue Service (SARS) and the Secret Services. The programme budget is expected to grow at about 10,3 per cent a year over the 2003 MTEF. The budgets for both SARS and the Secret Services have grown faster than the budgets for the programme as a whole, while a once off adjustment to the transfer made to Lesotho and Namibia in 2002/03 reflects the delay in agreeing on the rounding rules and calculation methods applied in 2001/02.

Public Entities

PUBLIC ENTITIES

Public Entities

Public Entities

PUBLIC ENTITIES REPORTING TO THE MINISTER OF FINANCE

A number of entities report to the Minister of Finance through governance arrangements that facilitate an arm's length relationship. This allows reporting institutions the autonomy that they require to meet their mandates, while their links to the Ministry enable them to develop strategic alignment with Government's policy goals.

The detailed three-year strategic plans of each entity are not presented here. Each produces, operates and reports according to its own strategic plan. It is, however, necessary to reflect briefly on the broad approach of each entity and its relevance to the National Treasury's strategic goals and business over the next three years.

Those entities that receive transfers from National Treasury – the South African Revenue Service, the Financial and Fiscal Commission, and the Financial Intelligence Centre – are covered in detail under Programme 8: *Fiscal Transfers* and therefore do not appear in this section. The latter reflects briefly on those entities that report to the Minister of Finance, but do not receive transfers from the National Treasury. These are the Development Bank of Southern Africa, the Financial Services Board and the Public Investment Commissioners.

The Development Bank of Southern Africa

The Development Bank of Southern Africa (DBSA), a Schedule 2 major public entity, is governed by the Development Bank of Southern Africa Act (13 of 1997). The DBSA is a development finance institution wholly owned by the South African Government. The callable capital of the Bank – provided by Government – is R4,8 billion and the paid-up capital is R200 million. At 31 March 2001, it had total assets of R17,7 billion. The Bank is self-sustaining and raises capital on the local and international capital markets. It has investment grade international credit ratings from Standard and Poor's (BBB-) and Moody's (Baa3), on par with the South African sovereign rating and a domestic credit rating for long-term debt of AAA.

Financial Services Board

The Financial Services Board is a statutory body formed in terms of the Financial Services Board Act (97 of 1990). It supervises control over the activities of non-banking financial services and acts in an advisory capacity to the Minister of Finance. The Board is financed by the financial services industry, with no contribution from Government. The Board supervises those institutions and services in terms of 16 parliamentary Acts, which entrust regulatory functions to the Registrar of Long- and Short-term Insurance, Friendly Societies, Pension Funds, Unit Trust Companies, Stock Exchanges and Financial Markets. Functions include regulatory control over insider trading and the participation bonds industry, certain trust and depository institutions, and it supervises central security depositories responsible for the safe custody of securities. The Board is also responsible for the financial supervision of the Road Accident Fund.

101

Public Investment Commissioners

The Public Investment Commissioners (PIC) is a statutory body governed in terms of the Public Investment Commissioners Act (45 of 1984). The Minister is responsible for appointing the board, which is responsible for overseeing the activities of the secretariat and its investment portfolio. The PIC is effectively self-funded and produces its own annual report, which is tabled in Parliament. It invests and manages surplus funds on behalf of various public-sector bodies. Previously the PIC was restricted to the role of a government administrative agency, investing all deposits in gilts and semi-gilts. In 1995 this was extended to include equities and property.

Organisational Information and the Institutional Environment

Organisational Information and the Institutional Environment

Organisational Information and the Institutional Environment

Organisational Information and the Institutional Environment

National Treasury

Organisational Information and the Institutional Environment

Organisational Information and the Institutional Environment

ORGANISATIONAL RESTRUCTURING

The National Treasury is a dynamic, growing institution. Formed in April 2000 out of a merger between the Finance and State Expenditure departments, the National Treasury now consists of eight divisions – *Corporate Services*, the *Budget Office*, *Public Finance*, *Intergovernmental Relations*, *Economic Policy* and *International Financial Relations*, *Assets and Liability Management*, the *Office of the Accountant General*, and *Specialist Functions*.

The National Treasury now employs more than 500 people, including professional and administrative personnel, and is still growing. By 2005 when it will be fully staffed, the National Treasury expects to employ about 750 people.

National Treasury teams are dedicated to ensuring the efficient and sustainable management of public finances, promoting economic development, good governance and rising living standards within communities across South Africa.

The three-year strategy presented here delivers a bold vision and direction in this regard. Its success, however, depends critically on organisational restructuring directed towards supportive and effective institutional arrangements and environment.

Over the past two years, restructuring priorities aimed to develop and implement a new organisational structure and fill core senior management and professional positions. Seven Deputy Directors General were appointed to head the newly established divisions.

Thorough overhaul of the core administrative functions include:

- Organisational restructuring, supported by the launch of an Employee Assistance Programme to provide counselling, support and assistance to members of staff; a greater focus on employment equity; and successful implementation of the Senior Management Service;
- Preparation of a Public Finance Management Act implementation plan to improve financial management and accountability within the National Treasury;
- Adoption of Persal and the Basic Accounting System for the integrated department;
- Piloting of public sector procurement reforms aimed at decentralisation, improved procedures, transparency and meeting empowerment targets; and
- Refurbishment and renovation of offices into an open-plan working environment that fosters a team culture and corporate self-management ethic.

The National Treasury is now focusing on finalising and filling the microstructure within each of the eight divisions in terms of the absorption framework agreed to with the unions. Newly created posts and posts that have changed considerably, particularly at the senior management level, have all undergone a rigorous job-evaluation process. Considerable work has gone into identifying suitable employees for absorption against the new structures and the redeployment of others to appropriate positions with the department.