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REPORT 2013/14



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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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REPORT 2013/14

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Editorial, coordination, design and layout:
National Treasury Communications

ISBN: 978-0-621-41937-5, **RP**184/2014

This report is also available on www.treasury.gov.za



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Mr P Gordhan, **Minister of Finance**. I have the honour of submitting the Annual Report of the National Treasury for the period 1 April 2013 to 31 March 2014.



Lungisa Fuzile
Director-General



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MISSION STATEMENT | ORGANOGRAM



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MISSION STATEMENT

“ We endeavour to advance economic growth, broadbased empowerment, progressive realisation of human rights and the elimination of poverty. ”

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, with the aim of promoting growth and prosperity for all.

We aspire to excellence in the quality of our analysis and advice and in the execution of our financial management responsibilities. We aim to realise the full potential of South Africa's economy and people and to mobilise the resources of the state, business enterprises and the wider community in a partnership of trust and mutual respect.

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 South Africa's public finances.

We endeavour to advance economic growth, broad-based empowerment, progressive realisation of human rights and the elimination of poverty. We are responsible for preparing a sound and sustainable national budget and an equitable division of resources among the three spheres of government. We strive to raise fiscal resources equitably and efficiently and to manage the government's financial assets and liabilities soundly. We promote transparency and effective financial management.

VALUES

As custodian of the nation's financial resources, the National Treasury acknowledges the authority of Parliament through whom we are accountable to the nation. We value teamwork, sound planning and enthusiasm and strive continually to improve the quality, accuracy and reliability of our service delivery.

Our people are our most valued assets. We seek to be an employer of choice, we invest in the education and training of our staff, we cultivate a learning and consultative environment, we make use of the best available technological support and we aim to mobilise the full potential of our people.

In our dealings with the public and with our colleagues, we 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.

ORGANOGRAM



ANDREW DONALDSON

Acting Head: Government Technical Advisory Centre (GTAC) | Technical Assistance Unit • Public Private Partnership Unit

ORGANOGRAM

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9

10



LUNGISA FUZILE
Director-General

- Media Liaison & Communications • Legal Services
- Legislation • Internal Audit Function • Chief Risk Officer

1**STADI MNGOMEZULU****Head: Corporate Services**

- Strategic Projects & Support • Human Resources Management
- Chief Financial Officer • Information & Communications Technology

2**MATTHEW SIMMONDS****Head: Public Finance**

- Protection Services • Economic Services • Administrative Services
- Education & Related Departments & Labour • Project Management
- Health & Social Development • Urban Development & Infrastructure
- National Capital Projects

3**MICHAEL SASS****Head: Office of the Accountant-General**

- Capacity Building • MFMA Implementation • Risk Management
- Accounting Support & Integration • Internal Audit Support
- Technical Support Services • Financial Systems
- Governance Monitoring & Compliance • Specialised Audit Services

4**MICHAEL SACHS****Acting Head: Budget Office**

- Expenditure Planning • Public Finance Statistics
- International Development Coordination • Fiscal Policy
- Public Entities Governance Unit • Public Sector Remuneration
- Neighbourhood Development Unit

5**FUNDI TSHAZIBANA****Head: Economic Policy**

- Regulatory Impact Assessment • Modelling & Forecasting
- Microeconomic policy • Macroeconomic policy

6**ISMAIL MOMONIAT****Head: Tax & Financial Sector Policy**

- Financial Sector Development • Financial Services
- Financial Stability • Economic Tax Analysis • Legal Tax Design

7**MALIJENG NGQALENI****Head: Intergovernmental Relations**

- Local Government • Budget Analysis
- Intergovernmental Policy & Planning • Provincial Budget Analysis
- Provincial & Local Government Infrastructure

8**MMAKGOSHI PHETLA-LEKHETHE****Head: International & Regional Economic Policy**

- African Economic Integration • International Finance & Development

9**THUTO SHOMANG****Head: Asset & Liability Management**

- Sectoral Oversight • Liability Management • Financial Operations
- Strategy & Risk Management • Governance & Financial Analysis

10**KENNETH BROWN****Chief Procurement Officer**

- Contract Management • Policy Norms & Standards • Client Support
- Supply Chain Management, Governance Monitoring & Compliance
- Strategic Procurement • Supply Chain Information Systems

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LEGISLATIVE MANDATE | LEGISLATION ENACTED



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LEGISLATIVE MANDATE

The National Treasury's mandate is to promote the national government's fiscal policy, coordinate macroeconomic policy, intergovernmental financial and fiscal relations, manage the preparation of the budget and ensure that revenue and expenditure, assets and liabilities, public entities and constitutional institutions are managed in a transparent and effective manner.

PARLIAMENTARY SERVICES

As the political principal of the department, the Minister of Finance regards collaboration with Parliament as vital. Consequently, National Treasury continued interactions with parliamentary committees during the period under review, including the Standing Committee on Finance, the Standing Committee on Appropriations, the Select Committee on Finance and Select Committee on Appropriations. Other committees include the Standing Committee on Public Accounts and all other relevant portfolio committees in Parliament.

The Parliamentary Service Office (PSO) is at the core of maintaining this relationship. The office is also a vehicle through which financial policies and pieces of legislation are presented to Parliament for consideration and approval.

During the period under review, the PSO coordinated work processes between policy makers and public representatives. Information continued to flow between the Ministry through Cabinet to Parliament and vice versa. Other clients of this office include but are not limited to:

- Members of Parliament
- Parliamentary committees
- Parliamentary administrative staff
- Civil society institutions
- Members of the public.

The PSO also maintains collegial and cooperative relationships on behalf of the Ministry with political structures as well as offices of the Presiding Officers, the Secretary to Parliament and the Leader of Government Business.

LEGISLATION ENACTED

1. Division of Revenue Act, (Act No. 2 of 2013)

- Bill enacted: Division of Revenue Bill [B 2 – 2013]
- English text signed by President. Assented to 7 June 2013
- Published in Government Gazette No. 36555, 10 June 2013

2. Appropriation Act, (Act No. 9 of 2013)

- Bill enacted: Appropriation Bill [B 1 – 2013]
- English text signed by the President. Assented to 7 July 2013
- Published in Government Gazette No. 36692, date 22 July 2013

3. Banks Amendment Act (Act No. 22 of 2013)

- Bill enacted: Banks Amendment Bill [B 43 – 2012]
- English text signed by the President.
Assented to 9 December 2013
- Published in Government Gazette No. 37144,
dated 10 December 2013

4. Rates and Monetary Amounts and Amendment of Revenue Laws Act, (Act No. 23 of 2013)

- Bill enacted: Rates and Monetary Amounts and Amendment of Revenue Laws Bill [B12 – 2013]
- English text signed by the President.
Assented to 28 November 2013
- Published in Government Gazette No. 37104,
dated 2 December 2013

5. Employment Tax Incentive Act (Act No. 26 of 2013)

- Bill enacted: Employment Tax Incentive Bill [B 46 – 2013]
- English text signed by the President.
Assented to 17 December 2013
- Published in Government Gazette No. 37185,
dated 18 December 2013

6. Adjustments Appropriation Act, (Act No. 27 of 2013)

- Bill enacted: Adjustments Appropriation Bill [B37 – 2013]
- English text signed by the President.
Assented to 9 December 2013
- Published in Government Gazette No. 37147,
dated 10 December 2013

7. Division of Revenue Amendment Act, (Act No. 29 of 2013)

- Bill enacted: Division of Revenue Amendment Bill [B 38 - 2013]
- English text signed by the President.
Assented to 28 November 2013
- Published in Government Gazette No. 37105,
dated 2 December 2013

8. Taxation Laws Amendment Act, (Act No. 31 of 2013)

- Bill enacted: Taxation Laws Amendment Bill [B 39 – 2013]
- English text signed by the President.
Assented to 11 December 2013
- Published in Government Gazette No. 37158,
dated 12 December 2013

9. Merchant Shipping (International Oil Pollution Compensation Fund) Administration Act (Act No. 35 of 2013)

- Bill enacted: Merchant Shipping (International Oil Pollution Compensation Fund) Administration Bill [B19 – 2013]
- English text signed by the President.
Assented to 14 December 2013
- Published in Government Gazette No. 37174,
dated 18 December 2013

10. Merchant Shipping (International Oil Pollution Compensation Fund) Contributions Act (Act No. 36 of 2013)

- Bill enacted: Merchant Shipping (International Oil Pollution Compensation Fund) Contributions Bill [B41 – 2013]
- English text signed by the President.
Assented to 21 December 2013
- Published in Government Gazette No. 37219,
dated 8 January 2014

11. Tax Administration Laws Amendment Act (Act No. 39 of 2013)

- Bill enacted: Tax Administration Laws Amendment Bill [B 39 – 2013]
- English text signed by the President.
Assented to 14 January 2014
- Published in Government Gazette No. 37236,
dated 16 January 2014

12. Financial Services Laws General Amendment Act (Act No. 45 of 2013)

- Bill enacted: Financial Services Laws General Amendment Bill [B 29 – 2012]
- English text signed by the President.
Assented to 14 January 2014
- Published in Government Gazette No. 37237,
dated 16 January 2014

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THE MINISTRY



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THE MINISTRY



PRAVIN GORDHAN
Minister of Finance



NHLANHLA NENE
Deputy Minister of Finance

The Minister of Finance is the political head of the specialised public sector organisations in the areas of finance, financial regulation, economics and accounting. Under the leadership of Minister Pravin Gordhan and Deputy Minister Nhlanhla Nene, the Ministry provided guidance during the reporting period that ensured high levels of consistent service delivery.

South Africa has the most well-developed and transparent budget process when measured against 94 countries, including developed economies. Notwithstanding this, the National Treasury continues to improve the quality of the information presented in the Budget. This assists entities responsible for overseeing the management and spending of public funds to achieve better accountability.

South Africa entered the global crisis with a range of challenges including inadequate infrastructure, poverty, inequality, structural unemployment and a slow pace of transformation. Tackling these requires a new momentum so we can build on the successes of the past. The accelerated implementation of the National Development Plan is a priority and will enable the country to realise its development objectives.

The world is yet to recover fully from the effects of the global financial crisis and South Africa is no different. Even though our economy has underperformed, we have maintained a sound fiscal position. However, the fiscal space that supported the economy has narrowed and this implies the need to take difficult decisions and learn to do more with less.

THE MINISTRY

International visits undertaken by the Minister of Finance, **Pravin Gordhan**, during the 2013/14 financial year:

DATE	COUNTRY	REASON
1 APRIL - 31 DECEMBER 2013		
18 - 19 April 2013	Washington DC, USA	G20 Finance Ministers Meetings
19 - 21 April 2013	Washington DC, USA	IMF/WB Spring Meetings
29 April - 4 May 2013	London, UK	Times CEO Africa Summit & Oxford University Africa Society
28 - 29 May 2013	Paris, France	OECD MCM Meetings
30 - 31 May 2013	Marrakesh, Morocco	AFDB Annual meetings
19 - 20 July 2013	Moscow, Russia	G20 Finance Ministers meetings
14 - 15 August 2013	Lilongwe, Malawi	SADC Council of Ministers
05 - 06 September 2013	St Petersburg	G20 Leaders' Summit
15 - 17 September 2013	London, UK	UK Working Visit with DP
06 October 2013	London, UK	RMB London Working Visit
07 October 2013	London, UK	Innova BRICS
09 - 11 October 2013	Washington DC, USA	G20 Finance Ministers Meeting
11 - 13 October 2013	Washington DC, USA	IMF/WB Annual Meetings
1 JANUARY - 31 MARCH 2014		
22-25 January 2014	Davos Switzerland	World Economic Forum (WEF)
28-31 March 2014	Abuja, Nigeria	Joint Annual AU Conference of Ministers of Economy and Finance & ECA Conference of African Ministers of Finance in Abuja, Nigeria

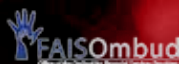
International visits undertaken by the Deputy Minister of Finance, **Nhlanhla Nene**, during the 2013/14 financial year:

DATE	COUNTRY	REASON
1 APRIL - 31 DECEMBER 2013		
10 - 12 April 2013	Gaborone, Botswana	29th Southern African Customs Union Council of Ministers and fourth Summit of Heads of State and Government
21 - 24 April 2013	Massachusetts, Boston, USA	Harvard-African Development Bank Ministerial Forum on Health Finance
16 - 17 May 2013	Maputo, Mozambique	Southern African Development Community meetings
30 May - 05 June 2013	Yokohama, Japan	Working state visit and the fifth Tokyo International Conference on African Development (Ticad-V) Summit
27 - 28 June 2013	Windhoek, Namibia	The 30th Southern African Customs Union Council of Ministers meeting
20 - 22 August 2013	Khartoum, Sudan	The International Monetary Fund / World Bank African Caucus meeting
09 - 10 October 2013	Washington, DC, USA	The South Africa Tomorrow Conference hosted by UBS in collaboration with the Johannesburg Stock Exchange
10 - 13 October 2013	Washington, DC, USA	International Monetary Fund / World Bank annual meetings
16 - 21 November 2013	Mumbai, India	The African National Congress Progressive Business Forum South African trade delegation
03 - 05 December 2013	Brussels, Belgium	The African, Caribbean and Pacific National Authorising Officers meeting to discuss the 11th European Development Fund of The European Commission
1 JANUARY - 31 MARCH 2014		
22 - 23 February 2014	Sydney, Australia	G20 finance ministers and central bank governors' meeting
23 - 28 March 2014	Seoul, Korea	The African National Congress Progressive Business Forum South African trade delegation

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PUBLIC ENTITIES REPORTING TO THE MINISTER



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PUBLIC ENTITIES REPORTING TO THE MINISTER

Fifteen entities report to the Minister of Finance through governance arrangements that give them autonomy but also enable them to align their strategies with government policy. Six of these entities - the South African Revenue Service (SARS), the Financial Intelligence Centre (FIC), the Accounting Standards Board (ASB), the Co-operative Banks Development Agency (CBDA), the Financial and Fiscal Commission (FFC) and the Independent Regulatory Board for Auditors (IRBA) - receive transfers from the National Treasury.

The remaining eight generate their own revenue - the Financial Services Board (FSB), the Financial Advisory and

Intermediary Services Ombud (FAIS Ombud), the Office of the Pension Fund Adjudicator (OPFA), the Government Pensions Administration Agency (GPAA), Government Employees Pension Fund (GEPF) the Development Bank of Southern Africa (DBSA), the Public Investment Corporation (PIC), the Land Bank and the South African Special Risk Insurance Association (SASRIA).

Each entity develops and reports on its own strategic plan. The commentary below on the performance of the fifteen entities describes the broad approach of each and how its work relates to the National Treasury's strategic goals.

SOUTH AFRICAN REVENUE SERVICE (SARS)

(Schedule 3A: National public entity)



The mandate of the SARS in terms of the South African Revenue Service Act (1997) is to collect all revenue due to the state, and to support government in meeting its key growth and developmental objectives by facilitating legitimate trade, monitoring South African ports of entry and eliminating illegal trade and tax evasion. The organisation is responsible for ensuring maximum compliance with tax and customs legislation and providing a customs service that maximises revenue collection, protects South Africa's borders and facilitates trade. The organisation's goals include:

- increased customs compliance
- increased tax compliance
- deployment of officers to reach all current and potential taxpayers
- improving the ease and fairness with which it conducts its business
- improving the cost effectiveness and efficiency of its operations
- implementing outreach and education and other compliance activities
- developing and procuring mobile registration kits to facilitate the registration of new taxpayers.

SARS collected R899.9 billion, which is R0.9 billion above the revised MTBPS estimate of R899 billion, in the 2013/14 financial year. Tax revenues grew and exceeded the previous year's revenue collections of R814.1 billion by R85.7 billion. The main contributors to revenue collection were:

- Personal Income Tax (PIT). Total collections were R310.9 billion, which were R778 million (0.3 per cent) above the revised estimate in the 2013/14 budget of R309.7 billion. This was R34.2 billion higher than the R276.7 billion outcome of the previous financial year.
- Corporate Income Tax (CIT). Total collections were R179.9 billion. This was R1.2 billion (0.7 per cent) above the revised estimate in the 2013/14 budget of R178.7 billion, which was in turn R19 billion higher than the R160.9 billion outcome of the previous financial year.
- Value Added Tax (VAT). Total collections were R237.8 billion. This was R1.5 billion (0.7 per cent) lower than the revised estimate in the 2013/14 budget of R239.3 billion, which was in turn R22.8 billion higher than the R215 billion outcome of the previous financial year.

PUBLIC ENTITIES REPORTING TO THE MINISTER

FINANCIAL INTELLIGENCE CENTRE (FIC)

(Schedule 3A: National public entity)



financial intelligence centre
REPUBLIC OF SOUTH AFRICA

The FIC was established by the Financial Intelligence Centre Act (2001) and began operations in 2003. The act mandates the Centre to identify the proceeds of unlawful activities, combat money laundering activities, combat the financing of terrorist and related activities, exchange information with law enforcement and other local and international agencies, supervise and enforce compliance with the act, and facilitate effective supervision and enforcement by supervisory bodies. To deliver on this mandate and protect the integrity of South Africa's financial system, the act works in conjunction with other legislation, which includes the Prevention of Organised Crime Act (1998), the Protection of Constitutional Democracy Against Terrorist and Related Activities Act (2004) and the South African Police Service Act (1995).

The FIC's achievements in the reporting year included:

- A 34 per cent increase in financial intelligence products generated, from 1 741 in 2011/12 to 2 328 in 2012/13, for use by law enforcement, investigative and intelligence agencies and other stakeholders in the criminal justice system, domestically and abroad.
- 292 compliance inspection reports issued and 72 joint inspections conducted with supervisory bodies in sectors including trust companies, gambling institutions, Kruggerand dealers, motor vehicle dealers and estate agents.
- 40 compliance awareness sessions held and 12 notices issued to boost registration of financial service providers, estate agents and attorneys.

- An increase in the number of institutions registered in accordance with the FIC Act from 14 054 in 2011/12 to 21 866; this broadened the compliance base by 55.6 per cent.
- Provision of technical advice to Namibia's Financial Intelligence Unit.
- Leading the South African delegation's participation in the review of global standards on anti-money laundering and counter-terrorism financing, and in engagements with the Financial Action Task Force (FATF), an inter-governmental organisation with more than 30 members worldwide.

Over the medium term, the spending focus will be on strengthening its cooperation with partner agencies nationally and internationally, and improving the level of compliance with the Financial Intelligence Centre Act (2001). This includes working with and leading the Eastern and Southern Africa Anti-money Laundering Group. The Centre will also continue working with local partner agencies such as SARS on the border and ports projects for controlling the movements of goods and people across the country; and the South African Police Service to prevent crimes such as the distribution of narcotics, the production and smuggling of counterfeit goods, the illegal movement of natural resources, the trafficking of people, and fraud and commercial crimes, including money laundering. This will lead to more accountability by reporting institutions registered in terms of the Financial Intelligence Centre Act (2001), from 22 959 in 2013/14 to more than 25 000 in 2016/17.

PUBLIC ENTITIES REPORTING TO THE MINISTER

ACCOUNTING STANDARDS BOARD (ASB)

(Schedule 3A: National public entity)



The ASB's legislative mandate is to develop standards of generally recognized accounting practice for all spheres of government in terms of section 216(1) (a) of the Constitution and the Public Finance Management Act (1999). A further function of the Board is to promote transparency and the effective management of the revenue, expenditure, assets and liabilities of the entities to which the standards apply. The Board contributes to all the presidential outcomes, but in particular to the achievement of a responsive, accountable, effective and efficient local government system (Outcome 9), and an efficient, effective and development oriented public service (Outcome 12).

Activities in 2013/14 included the following:

- issued 4 local exposure drafts and 5 international exposure drafts were issued concurrently with the International

Public Sector Accounting Standards Board (IPSASB).

- submitted 2 new standards to the Minister for approval,
- attended 1 IPSASB meeting and submitted 2 comment letters on the international standards of GRAP.
- held 59 stakeholder outreach meetings to consult on discussion papers and exposure drafts issued for comments.
- a total of 290 workshops on financial education were presented in the 2013/14 financial year.

The ASB's strategic goals for the coming four years are to continue to be committed to serving the public interest; respect and encourage input from all its stakeholders; bring objectivity to the consideration of issues; respect the ability of its stakeholders to exercise professional judgment; and commit to timely responses to stakeholder needs.

PUBLIC ENTITIES REPORTING TO THE MINISTER

CO-OPERATIVE BANKS DEVELOPMENT AGENCY (CBDA)

(Schedule 3A: National public entity)



The CBDA was established in terms of the Cooperative Banks Act (2007). The Agency's mandate is to create a strong and vibrant cooperative banking sector. Its overarching objectives are to support, promote and develop cooperative banking, and to register, supervise and regulate deposit taking financial services cooperatives, savings and credit cooperatives, community banks and village banks as cooperative banks.

The CBDA's achievements during 2013/14 included:

- Cooperative financial institution managers and board members trained increased from 20 in 2011/12 to 60 in 2013/14. Three sets of training materials were developed.
- Establishing the Stabilisation Fund Committee consisting of members from the South African Reserve Bank (SARB), the Department of Trade and Industry (DTI), National Treasury and the CBDA to deal with the issues affecting the cooperative financial institutions (CFIs).
- Completing a self-assessment on the CBDA's effectiveness as a supervisory unit against the Basel core principles for effective banking supervision of microfinance institutions.
- Successful hosting of the CFI annual indaba. This provided a platform for CFIs to learn, share information and network, building a sustainable and vibrant sector.

The Agency's strategic goals are to facilitate, promote and fund the education and training of cooperative bank personnel; improve the institutional safety and soundness of existing cooperative financial institutions and of the financial stability of the sector as a whole; consolidate the cooperative financial institutions sector by managing the growth in their registration; address failing institutions to ensure improved compliance with the banking regulations; obtain legislative approval for the repeal of the South African Micro-Finance Apex Fund exemption notice and for moving those powers to the Agency; assist representative bodies in improving their leadership, management and operational capabilities; establish sector specific learning programmes with universities, colleges and support organisations; facilitate the establishment of an ICT enabled environment for institutions, with linkages to the national payment system; and establish a depositor's insurance fund, to cover the losses of depositors.

PUBLIC ENTITIES REPORTING TO THE MINISTER

FINANCIAL AND FISCAL COMMISSION (FFC)

(Schedule 3A: National public entity)



The FFC derives its legislative mandate, which is to advise the relevant legislative authorities on the financial and fiscal requirements for the three spheres of government in terms of section 220 of the Constitution, from the Financial and Fiscal Commission Act (1997). Other legislation that informs its mandate includes the Intergovernmental Fiscal Relations Act (1997), the Money Bills Amendment Procedure and Related Matters Act (2009), the Provincial Tax Regulation Process Act (2001), the Municipal Fiscal Powers and Functions Act (2007), the Borrowing Powers of Provincial Government Act (1995), the Municipal Finance Management Act (2003) and the Municipal Systems Act (2003).

In 2013/14, the FFC successfully conducted research, published findings and briefed, advised and participated in Parliament and other spheres of government. This involved the following:

- One parliamentary briefing was held on the 2013 Medium Term Budget Policy Statement (MTBPS).
- 44 legislature and government briefings were conducted additional to the target of two briefings per quarter due to increasing stakeholder demand for FFC services.
- Nine briefings were conducted on the 2014/15 recommendations for the division of revenue for provincial legislatures.
- In support of the advancement of intergovernmental fiscal relations, the Commission published 16 working papers or technical reports and several peer-reviewed publications

in accredited journals.

- The Commission presented the 2015/16 annual submission for division of revenue and the Division of Revenue Bill.
- The Commission conducted two parliamentary briefings on the 2014 Appropriations Bill.

The Commission's overarching goal is to provide proactive, expert and independent advice on promoting a sustainable and equitable system of intergovernmental fiscal relations through the formulation and collation of policy relevant analysis.

Its work is aligned with government's 12 Outcomes and other developmental priorities, including the reduction of poverty, the promotion of economic and social development, and the protection of the environment.

The Commission's strategic goals over the medium term are to contribute to a sustainable and equitable intergovernmental relations system; foster a strategic approach that is oriented towards the future and shows foresight; provide sound and informed policy advice that is evidence based and that results from comprehensive engagement; generate relevant and valuable knowledge that enhances developmental impact, using internal and external resources as required; nurture a dynamic and productive organisational culture; and achieve balance in relation to present and future demands, leading to effective performance within resource constraints.

PUBLIC ENTITIES REPORTING TO THE MINISTER

INDEPENDENT REGULATORY BOARD FOR AUDITORS (IRBA)

(Schedule 3A: National public entity)



The IRBA was established under the Auditing Profession Act (2005) and became operational in April 2006. The Board is mandated to protect the public that relies on the services of registered auditors, and to provide support to registered auditors. It is required to ensure that only suitably qualified individuals are admitted to the auditing profession and that registered auditors deliver services of the highest quality and adhere to the highest ethical standards.

The Board's mandate is being expanded to cover two more areas. The first is in relation to the DTI's amendments to the Broad Based Black Economic Empowerment Act (2003) that will transfer the regulation of the black economic empowerment verification industry from the South African national accreditation system to the Board. The second is that the Board is set to be the statutory body, recognised by SARS, with which tax practitioners are obliged to register.

The IRBA's achievements during 2013/14 included:

- Developing and issuing new audit pronouncements as required by the Committee for Auditing Standards (CFAS).
- Processing 97 per cent of irregularities reports received from registered auditors within 40 days.
- Completing 383 inspections in accordance with the IRBA inspection plan.
- Monitoring the programmes and institutional requirements of accredited professional bodies, and submitting reports as required.

Having achieved first position in the world for the strength of auditing and reporting standards, the IRBA will continue to serve on relevant international structures where it can influence standards and regulation, while responding to the needs of local stakeholders and the profession. The IRBA will continue to engage with other regulators and standard setters on the African continent, to support them in strengthening governance practices and reliable reporting through robust audit and ethics standards and independent audit regulation.

PUBLIC ENTITIES REPORTING TO THE MINISTER

FINANCIAL SERVICES BOARD (FSB)

(Schedule 3A: National public entity)



The FSB is an independent institution established by statute to oversee the South African non-banking financial services industry in the public interest.

The Board's legislative mandate is primarily derived from the Financial Services Board Act (1990) which requires it to supervise and enforce compliance with laws regulating financial institutions and the provision of financial services; to advise the Minister of Finance on matters concerning financial institutions and financial services; to promote the programmes and initiatives of financial institutions and bodies representing the financial services industry; and to inform and educate users and potential users about financial products and services.

Achievements in 2013/14 included:

- Embedding the TCF principles into current market conduct regulatory frameworks and supervisory approaches. This was in preparation for the shift to a dedicated market conduct mandate in the pending Twin Peaks model of financial sector regulation, under which the TCF approach will underpin the new Market Conduct Authority's approach to conduct supervision.

- Establishment of the Twin Peaks Implementation Steering Committee (TPISC), mandated to give effect to the FSB's approach to the implementation of the Twin Peaks model of regulation.
- In consultation with the National Treasury, progress was made on key strategic regulatory policy projects informed by the TCF principles. These include the reviews of consumer credit insurance and retail distribution, retirement reform proposals, preparation of the micro-insurance policy framework and an enhancement of the financial services ombud model.
- A total of 290 workshops on financial education were presented in the 2013/14 financial year.

The FSB's main strategic goal over the medium term is to supervise and regulate the non-banking financial services industry in the areas of long term and short term insurance, retirement funds and friendly societies, financial service providers, collective investment schemes, and capital markets. The board will also decide on future regulatory initiatives involving the implementation of G20 commitments.

PUBLIC ENTITIES REPORTING TO THE MINISTER

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES OMBUD (FAIS OMBUD)

(Schedule 3A: National public entity)



The legislative mandate of the FAIS Ombud is stated in the Financial Advisory and Intermediary Services Act (2002), under which the organisation is established. The act gives the Ombud the statutory powers to consider and dispose of complaints against financial services providers, primarily the 60 intermediaries selling investment products. The Ombud is required to process the complaints in a procedurally fair, informal, economical and expeditious way.

During the 2013/14 financial year, the Ombud's office received 9 439 complaints, a decrease of 5 per cent from the previous year. Of these, 7 587 were resolved within the same year. The quantum of cases settled and determined decreased from R51.1 million in 2012/13 to R30.5 million. There was also a decrease in the number of justiciable complaints received. In addition to providing assistance to members of the public through an expeditious dispute resolution process, the office

of the FAIS Ombud assists consumers who have fallen victim to fraudulent financial schemes perpetrated by unscrupulous financial service providers. The office of the FAIS Ombud has become inundated with an increasing number of complaints arising from fraudulent investment schemes that have collapsed, chief amongst which have been those relating to property syndication.

The Ombud's strategic goals over the medium term are to serve customers by achieving excellent levels of customer satisfaction; facilitate the communication process with stakeholders to enhance performance, accountability and public confidence; and to ensure long term sustainability by strengthening the office's organisational capacity to deliver on its mandate in an economically efficient and effective manner, in accordance with the relevant regulatory framework.

OFFICE OF THE PENSION FUNDS ADJUDICATOR (OPFA)

(Schedule 3A: National public entity)



The mandate of the OPFA is to investigate and determine complaints lodged in terms of the Pension Funds Act (1956). The mandate of the Office became effective in January 1998. In order to deliver on its mandate, it is required to ensure a procedurally fair, economical and expeditious resolution of complaints in terms of the act by ensuring that its services are accessible to all; to investigate complaints in a procedurally fair manner; reaching a just and expeditious resolution in accordance with the law; to incorporate innovation and proactive thought and action in its activities; and to support, encourage and provide opportunities for individual growth.

The Office has jurisdiction only over funds that are registered under the Pension Funds Act (1956). Its strategic goals over the medium term are to tackle complaints received; achieve operational excellence and maintain effective stakeholder relationships.

During the 2013/14 financial year, the OPFA received 5 405 new complaints, 4.7 per cent higher than the number received in 2012/13. The New Complaints Unit finalised 2 882 complaints, the Adjudication Unit 3 646, and the Conciliation Unit 115. The OPFA's determinations continued to enjoy coverage in the media.

PUBLIC ENTITIES REPORTING TO THE MINISTER

GOVERNMENT PENSIONS ADMINISTRATION AGENCY (GPAA)

(Schedule 3A: National public entity)



the gpaa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

The GPAA provides pensions administration services to the Government Employees Pension Fund in terms of the Government Employees Pension Fund Act (1996), the Temporary Employees Pension Fund Act (1979), the Associated Institutions Pension Fund Act (1963), the post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, military pensions in terms of the Military Pensions Act (1976), injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993), and special pensions in terms of the Special Pensions Act (1996). The Agency also provides pensions administration services on behalf of the National Treasury. It is mandated to ensure that benefits are paid on time, maintain accurate information on benefits paid and payable pension benefits, communicate with members, and build relationships with employer government departments.

In 2013/14 the Agency's modernisation programme accelerated the use of eChannel (online submission of exit documentation), which has resulted in a reduction of payment turnaround time. Currently employers representing

81 per cent of membership have adopted eChannel. Mobile units have been deployed to all provinces resulting in better client access to services in rural areas. The Retirement Member Campaign (RMC) has resulted in a reduction in turnaround time for exit payments.

With GEPF membership levelling off at 1 276 753 for the 2013/14 financial year, GPAA collected just under 1.3 million contributions of approximately R13.1 billion, with an outstanding balance of R96.2 million in the fourth quarter.

The Agency's overarching goal is to achieve greater client satisfaction through improved service delivery, and through service level agreements drawn up to monitor service delivery targets for administering the processing and paying of benefits, including the improvement of turnaround times. The Agency's strategic goals over the medium term are to ensure that customers and clients are satisfied; modernise benefit administration to improve efficiency; ensure that employees are satisfied, efficient and effective; transform the agency's operational effectiveness by modernising systems and build mutually beneficial partnerships with employer departments.

GOVERNMENT EMPLOYEES PENSION PENSION FUND (GEPF)

(Juristic Entity, governed by the Government Employees Pensions Law of 1996)



The GEPF is a defined-benefit fund that provides members with retirement, resignation, disability and death benefits. Its mandate is to make provision for the payment of pensions and certain benefits to persons in the employ of government, certain bodies and institutions, and to the dependants or nominees of such persons; and to provide for matters incidental thereto.

The GEPF accounts for the majority of the PIC's assets under

management which amount to about R1 trillion rand. It has recently expanded the PIC's mandate to enable the corporation to make investments on the African continent as well as offshore.

The Government Pension Administration Agency (GPAA) provides the GEPF with administration services. These include admitting new members, collecting contributions, maintaining beneficiaries, and processing member benefits.

PUBLIC ENTITIES REPORTING TO THE MINISTER

DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA)

(Schedule 2A: Major public entity)



The DBSA's purpose is to promote sustainable economic development and growth, human resource development and institutional capacity building by mobilising financial and other resources from the public and private sectors, locally and abroad, for sustainable development projects and programmes in South Africa and the Southern African region. Progress in terms of key objectives in the 2013/14 financial year included:

- The Bank remains in a stable financial position with an impressive financial performance resulting in net profit of R822 million for the financial year, recovering from a net loss of R826 million in the previous financial year.
- Total assets grew by 18.3 per cent, from R53.9 billion to R63.8 billion.
- 28 projects to the value of R13.5 billion were approved whilst total commitments amounted to R11.9 billion.
- Total infrastructure disbursements of R12.7 billion (target: R11 billion) supporting a total of 116 projects (of which 90 per cent were South African) were made. This is a record

level since the 2008/09 financial year.

- R1.6 billion was disbursed to support 25 municipal projects in South Africa.
- The Bank continued to focus its efforts on the priority infrastructure sectors of energy, water, transport and ICT, with R10.6 billion disbursed to these sectors.
- To date an amount of R260.6 million has been disbursed on project preparation activities, of which R30 million was from DBSA, R6.6 million from DBSA's partners, Agence Française de Développement (AFD) (Project Preparation Feasibility Study) and R224 million from the South African Government in respect of IPPs and the National Health PPP programme.

As part of the Accelerated Schools Infrastructure Delivery Programme, 49 schools in phase 1 were completed. For phase 2, 18 schools out of 22 of tranche 1 were in construction as at 31 March 2014. Implementation of the construction of the 50 schools of tranche 2 will gain traction in the new financial year.

PUBLIC INVESTMENT CORPORATION LIMITED (PIC)

(Schedule 3B: National government business enterprise)



The PIC manages funds on behalf of a number of state-related institutions, the largest being the Government Employee Pension Fund (GEPEF), which accounts for approximately 89% of the PIC's assets under management (AuM). Other clients of the PIC include the Unemployment Insurance Fund (UIF), the Associated Institutions Pension Fund (AIPF), the Compensation Commissioner (CC), the Pension Fund (PF), the Compensation Fund (CF) and the Guardian's Fund.

The PIC's total investment portfolio amounts to approximately R1.404 trillion (as at 31 March 2014), most of which is invested in listed bonds and equities. Developmental investments are provided for under the Isibaya Fund. The Isibaya Fund provides

finance for projects that are able to generate good financial returns while supporting positive, long term, economic, social and environmental outcomes for the country.

As at 31 March 2013 approximately R63 billion was earmarked for developmental investments through the Isibaya Fund. These will take place in four investment areas: economic infrastructure; social infrastructure; priority sectors and SME development; and environmental sustainability.

According to the PIC's unaudited draft annual report, during 2013/14 it managed to grow group revenue by 68 per cent from R482.4 million in 2012/13 to R808.8 million in 2013/14.

PUBLIC ENTITIES REPORTING TO THE MINISTER

LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA (LAND BANK)

(Schedule 3B: National government business enterprise)



The Land Bank's mandate is expressed in the Land and Agriculture Development Bank Act (2002). It is aligned with government's developmental objectives which are aimed at promoting, amongst others, rural development and job creation; provision of food security; equitable ownership of agricultural land, in particular by historically disadvantaged people; agrarian reform, land redistribution and development programmes aimed at historically disadvantaged individuals; land access for agricultural purposes; and agricultural entrepreneurship.

Progress in terms of key objectives in the 2013/14 financial year included:

- The Bank disbursed R267.2 million to retail emerging market clients and R1.8 billion under its development programme.
- The Bank's capital and reserves increased by 9 per cent to R6.1 billion (2012: R5.6 billion) and its asset base increased by 21 per cent to R30.8 billion (2012: R25.4 billion).

- The gross loan book also increased by 25 per cent (R5.4 billion) to R26.9 billion (2012: R21.6 billion).
- The Bank recorded a profit of R304.6 million which is 89 per cent higher than the R161 million profit generated in the 2012/13 financial year.
- The Bank's cost-to-income ratio slightly reduced from 72 per cent in 2012 to 70 per cent at the 2012/13 financial year end.
- The Bank's non-performing loans (NPL) reduced by 10% to R652 million (2012: R724 million), constituting 2.4 per cent of the entire loan book.

The Bank's focus over the next three years will be on financing emerging farmers; growing the investment portfolio and delivering better performance from investments; promoting equitable ownership of agricultural land, particularly through increasing ownership of agricultural land by historically disadvantaged persons; and agrarian reform through land redistribution and development programmes aimed at historically disadvantaged individuals.

PUBLIC ENTITIES REPORTING TO THE MINISTER

SOUTH AFRICAN SPECIAL RISK INSURANCE ASSOCIATION (SASRIA) SOC LIMITED

(Schedule 3B: National government business enterprise)



SASRIA is a short-term insurance company that provides coverage for damage caused by special risks such as politically motivated malicious acts, riots, strikes, terrorism and public disorders as well as losses in respect of mortgage loans. Progress and activities in 2013/14 (according to the unaudited draft 2013/14 annual financial results) included the following:

- Gross written premium (GWP) income growth increased to R1.4 billion from R1.2 billion in 2012/13, a 13.2 per cent increase.
- Net investment income increased to R442 million in 2013/14, representing an 8.8 per cent increase.
- SASRIA's capital and solvency positions remain strong. Shareholders' equity increased to R4.7 billion as at 31 March 2014.

- A dividend of R107 million was declared and paid to the shareholder during the year under review.

SASRIA's strategic objectives over the next five years will, amongst others, include continued growth in sustainable revenue; adherence to the regulatory environment by proactively managing compliance; provision of superior customer services by focusing on customer-centricity, thus reducing the number of insurance claims; attraction, retention and development of skills which will support SASRIA's aspirations by focusing on people's capacity and capabilities; and creation of a trusted brand through emphasis on brand development.

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MINISTER'S STATEMENT ON POLICY AND COMMITMENT



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MINISTER'S STATEMENT ON POLICY AND COMMITMENT



PRAVIN GORDHAN
Minister of Finance

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The NDP makes a firm commitment to achieving a minimum standard of living which can be progressively realised through a multi-pronged strategy.

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As the custodian of the nation's financial resources, the National Treasury aims to promote economic growth and development, sound governance, social progress and continuous improvement in the standard of living of all South Africans.

The National Development Plan (NDP) lists the elements of a decent standard of living as including the following:

- Income, through employment or social security
- Adequate nutrition
- Transport to get to work
- Safe communities and clean neighbourhoods.

These elements require action from individuals, government, communities and the private sector. The NDP makes a firm commitment to achieving a minimum standard of living which can be progressively realised through a multi-pronged strategy. To achieve this minimum standard of living, South Africans will

require a basic set of capabilities, the most important of which are education, skills and the opportunity to work.

These themes find practical expression in the work of the National Treasury and will continue to inform public policy and contribute to better planning and programme implementation in the years ahead. It is these themes that frame the day-to-day work of National Treasury through its activities that promote national government's fiscal policy, coordinate macroeconomic policy, manage the budget process and ensure transparency and effective management of government revenues and expenditure.

A healthy fiscal position - an outcome of the effective management of the resources generated by higher economic growth and better tax compliance in the 2000s - enabled government to maintain social and economic spending programmes despite the decline in revenue as a result of the 2009 global recession.

MINISTER'S STATEMENT ON POLICY AND COMMITMENT

South Africa's budget policy framework is guided by the challenges of growth, job creation and poverty reduction. However, development is not just the pursuit of faster growth; it is also about creating a more equitable future. As South Africa negotiates its way through the present global transition, we must shift the balance of opportunity towards those for whom work, regular income, decent shelter and adequate nutrition are still only aspirations.

Expanding the construction of economic and social infrastructure, enhancing economic competitiveness, moderating remuneration and consumption for the better-off, sustaining investment in people and skills, supporting rural development and job creation are among the levers of economic change at our disposal.

To pave the way for accelerated economic progress over the next 20 years, South Africa needs to make tough decisions. Any solution must tackle the problem comprehensively and deal with each of the features of our legacy and our current challenges.

To accelerate economic progress, the NDP proposes, amongst others, the following steps:

- Increasing exports while taking steps to prevent excessive overvaluation of the currency
- Improving skills development
- Breaking the disincentive to hire young, unskilled work seekers by incentivising their employment
- Using fiscal policy to raise savings and investment and to reduce consumption
- Taking measures to increase competition in regulated sectors, or broadening price regulation in sectors that are natural monopolies
- Lowering the cost of transport and logistics and investing in remedies which address spatial divides
- Strengthening the social wage to raise the living standards of those out of work or in low paying jobs.

To achieve a more competitive and diversified economy, the NDP identifies three strategic interventions to underpin this process: 1) raising levels of investment; 2) improving skills and human-capital formation; and 3) increasing net exports.

Success on these three fronts will lead to rising employment, increased productivity, improved living standards and a decline in inequality. Rising rates of investment will be achieved initially through state spending on infrastructure and "crowding in" private-sector investment.

The NDP provides a broad strategic framework for putting the economy and society on a new trajectory. It recognises that ours is a youthful, urbanising society and that this presents opportunities for growth and development. It sets out a wide range of actions needed to boost growth, eliminate poverty and reduce inequality, beginning with an approach to change that focuses on enhanced capabilities and an active citizenry.

It points out that, while government will play a significant role, all sectors of society must be involved in making the plan a reality.

The NDP also recognises that development is not a linear process, with one step following another in a predictable and orderly sequence. Instead, it requires a multidimensional framework of interacting initiatives, policies and investments that generate a virtuous cycle of progress, with actions in one area supporting advances in others.

Overall, we should all – government, business, labour and civil society – be guided by the overwhelming imperative to build a more equal society, for a shared future.

This is, and will continue to be, the goal of the National Treasury. I want to acknowledge the excellent contribution of the Director General and the staff of the National Treasury in helping the South African economy to navigate a difficult period.



Pravin Gordhan
Minister of Finance

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DEPUTY MINISTER'S OVERVIEW



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

DEPUTY MINISTER'S OVERVIEW



NHLANHLA NENE
Deputy Minister of Finance

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Our regulatory framework ensured that our financial services sector weathered the storm of the global financial crisis

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As articulated in the National Development Plan (NDP), our nation's goal is to have built an inclusive economy by 2030, one in which levels of poverty and unemployment have been drastically reduced.

The entities that make up the “Finance Family”, such as the South African Revenue Service, the Financial Intelligence Centre, the Financial Services Board and the Government Pensions Administration Agency, have a key role to play in laying the foundations upon which we can construct the kind of society envisioned in the NDP.

The success of SARS in collecting revenue has been a crucial block in building a strong fiscus which has enabled successive governments to increase the depth and breadth of public services. Our tax policy framework has also proven resilient, even during the global economic turmoil that has tested

South Africa's public finances. In the 2013/14 financial year, SARS collected R899.9 billion, which is R0.9 billion above the revised estimate of R899 billion published in the 2013 Medium Term Budget Policy Statement.

The FIC and the FSB safeguard our financial system. Since its establishment in 2003, the FIC has been at the forefront of combating money laundering and the financing of terrorist and related activities which can compromise the integrity and stability of our financial system.

Our regulatory framework ensured that our financial services sector weathered the storm of the global financial crisis. To build on that, in the 2013/14 financial year the FSB focused on embedding into market conduct the principle of treating customers fairly. This ensures that the sector serves the nation. The FSB's achievements during the year include a review of

DEPUTY MINISTER'S OVERVIEW

consumer credit insurance, an enhanced financial services ombud scheme model and a redoubling of its efforts to increase the level of financial literacy among our people.

South Africa can be proud of the "Finance Family" institutions that we have built since the dawn of democracy. These institutions will continue to support our democratic dispensation, creating a stable macro-economic environment and financial stability that enable our country to prosper and our goal of a better life for all South Africans to be achieved.



Nhlanhla Nene, MP

Deputy Minister of Finance

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ACCOUNTING OFFICER'S OVERVIEW



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S OVERVIEW



LUNGISA FUZILE
Director-General

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We have realized impressive gains on various fronts, ranging from increases in average household income to the number of people employed and children attending school.

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It has now been two full decades since South Africa has been a non-racial democracy. The constitutional order established in 1994 has proven to be a solid foundation on which we have made progress. The journey, where the quality of lives of all citizens is of acceptable standard and sustainably so, began with this milestone. The first steps towards our utopia began with reconciliation and thereafter, making the tactical decisions that would see improvements on an ongoing basis.

We have realized impressive gains on various fronts, ranging from increases in average household income to the number of people employed and children attending school. Presently 75 percent of adult South Africans enjoy financial services from the banking sector, as contrasted by 47 percent in

2005. One can also observe the remarkable increase in black participation in the economy and the transformation of the middle class. Although there will always remain room for improvement, our institutions have continued to extend their capacity and capabilities to support further social and economic progress. Amidst all of these positive gains though, much remains to be done. South Africa has high levels of poverty, inequality and unemployment. Joblessness among young people is of great concern. In many parts of the country, public services are uneven or of poor quality. Our economy is not growing fast enough to meet these challenges. The national budget tabled during February 2014 aims to address these challenges in alignment with our national priorities.

ACCOUNTING OFFICER'S OVERVIEW

We are guided by the National Development Plan in our aspirations; it is the blueprint for our economic development. From the National Treasury's perspective, this will take place from several areas in the organisation. As the Office of the Chief Procurement Officer aims to reduce wastage and eliminate corruption, the Office of the Accountant-General will further improve visibility in government's management of public funds. The Budget Group, comprised of the Public Finance, Budget Office and Intergovernmental Relations divisions, will continue to promote optimal allocation of public funds. Other parts of the organisation will ensure that our risks are adequately managed, that the financial sector remains stable and that our representation internationally continues to be taken seriously.

Since the start of the global financial and economic crisis in 2008, government's countercyclical fiscal policy and the fiscal space created in previous years have allowed for a widening budget deficit and higher levels of debt to increase infrastructure investment, continue funding social priorities and support the economy. South Africa's borrowing strategy is sufficiently responsive to withstand long-term adjustments in global and domestic capital allocations and short-term market shocks. This strategy was tested over the past year as the US Federal Reserve announced a slowdown in its large-scale bond-buying programme, triggering a global sell-off in emerging-market assets. However, the financing programme has continued without interruption, with domestic investors taking the global sell-off as an opportunity to increase investments in South African government paper, highlighting the depth of the local bond market.

Engagements on the international front were also eventful during the year under review. During 2013, Cabinet identified the establishment of a new development bank as one of the major deliverables that South Africa wished to result from the hosting of the BRICS Summit. This effort appears to have gained substantial momentum.

On a related matter, substantial work has gone into ensuring that the Government Technical Advisory Centre (GTAC) becomes a centre of excellence that can build capacity, share knowledge and make a diverse range of skills available to help resolve complex and chronic challenges in government. Through the

GTAC, we hope to contribute to the improvement of the overall performance of government. Together with the International and Regional Economic Policy (IREP) unit, GTAC intends to bring the knowledge hub into operation – as part of the implementation of the South Africa / World Bank Partnership.

I would also like to take this opportunity to thank Minister Gordhan for his leadership and direction afforded during the period under review. I also look forward to the future leadership and direction of Minister Nene and Deputy-Minister Jonas, who have taken up the challenge to continue delivering on the aims of the National Development Plan. I also wish to extend my deepest and sincere gratitude to the National Treasury team for their continued commitment and dedication to public service. I have no doubt that this unwavering team will continue to rise to any challenge in the future.



Lungisa Fuzile

Director-General
National Treasury

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PROGRAMME 1 ADMINISTRATION



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PROGRAMME 1

ADMINISTRATION

Purpose: Provide leadership, strategic management and administrative support to the department.

Measurable objective: Ensure effective leadership, management and administrative support to the National Treasury through continuous refinement of organisational strategy and structure in compliance with appropriate legislation and in alignment with best practice.

The programme is divided into four subprogrammes:

- The *Minister* subprogramme incorporates the Office of the Minister of Finance and includes parliamentary and ministerial support services.
- The *Deputy Minister* subprogramme incorporates the Office of the Deputy Minister of Finance and related support services.
- The *Management* subprogramme incorporates the Office of the Director-General and related support services (the *Communications*, *Legal Services*, *Legislation Drafting*, *Internal Audit* and *Enterprise Risk & Security Management* units).
- The *Corporate Services* subprogramme incorporates all other support functions for the administration and effective operation of the department.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

The *Internal Audit* unit continued with the implementation of a three-year audit plan which was approved by the Audit Committee. A total of 51 audits planned in terms of the 2013/14 Annual Audit Plan were completed within the set timeframe whilst a further 9 *ad hoc* audits were done at the request of management. All audits were performed in line with the Institute of Internal Auditors (IIA) standards and the Office of the Accountant General's (OAG) Internal Audit framework. Client satisfaction with audits increased from 78 per cent (2012/13) to 82 per cent (2013/14).

The *Enterprise Risk and Security Management* unit facilitates the implementation of the enterprise wide risk management

strategy, and includes business continuity, security management and anticorruption activities in its mandate. The Audit and Risk committee oversees the implementation of the enterprise wide risk management strategy. In the year under review, the following achievements were realised:

- The enterprise risk management strategy for 2013/14 was reviewed and approved by the Accounting Officer, and the risk management plan was fully implemented.
- The Business Continuity Management policy was reviewed and business continuity activities conducted on one division identified as critical.
- Security management successfully prevented security breaches that may have resulted from information leaks and could have resulted in disruption of business processes.
- Anticorruption activities continue to be undertaken and the unit is looking to improve its Corruption Case Management Framework.

Corporate Services (CS) is responsible for upholding good governance, managing risks facing the department and ensuring compliance with legislation.

The two focus areas of the CS team were to:

- Provide integrated business solutions to customers by consolidating the CS plans and ensuring that implementation remains in line with the National Treasury's strategic priorities; and
- Ensure good governance and a sound control environment with the aim of achieving unqualified reports from the Auditor-General.

The *Human Resources* (HR) unit supports an integrated approach to talent management across the department, leading to a highly skilled workforce with a strong performance culture. During the reporting period, numerous restructuring projects took place resulting in an increased staff establishment. Because of the department's strict recruiting standards and limited availability of the required skills, this resulted in an increased vacancy rate. The department has improved its female representation in SMS level to 45 per cent; the national target is 50 per cent. The Graduate Development Programme received increased support, with 48 interns employed by the

PROGRAMME 1 ADMINISTRATION

department and an additional 11 external bursaries being provided to students. The Siyaphila Lifestyle Programme, which contributes to a healthy work environment, continued to be well received during the year, with employees taking an active role in ensuring a balanced work life.

The *Financial Management* unit processed all transactions before 31 March 2014 and closed its financial records on 3 April 2014, once again being the first national or provincial department to submit. Accurate semi-annual and annual tax reconciliations were submitted to the South African Revenue Service (SARS) seven weeks before the closing date. The unit developed and is in the process of implementing the Internal Control Framework to enhance governance. The Supply Chain Management unit efficiently and effectively implemented strategic sourcing which resulted in savings on goods and services during the financial year. Turnaround time for bids averages 45 days. This unit continued to carry out its social responsibility role by donating equipment to five schools in need and one community child care centre.

The aim of the *Facilities Management* unit is to ensure that it meets all departmental office accommodation needs as the department's staff complement continues to grow. In the year under review, all of these needs were met.

The *Information and Communication Technology* (ICT) unit, under the auspices of the ICT Steering Committee, has formalised a governance framework, developed the related ICT policies and procedures; and has established a firm baseline for achieving applicable implementation targets set by the DPISA. Based on the business process model adopted, the organisational structure has been revised and approved and is aligned to the DPISA ICT Governance Framework. The unit has continued with its infrastructure upgrades, deployment of several business applications and back-end solutions.

The *Strategic Projects and Support* unit promotes a departmental culture of learning and knowledge sharing. The knowledge management framework was concluded during the year under review, with the Information and Content Management component of the framework having been piloted. The records

management policy was also approved by the Governance Review Committee. A clean-up was conducted in the 240 Madiba Street building and more than ten tons of inactive paper records were removed from the operational areas, either for archival or disposal.

The *Public Entity Oversight unit* (PEOU) established a Chief Financial Officers' (CFOs') forum where all entities and constitutional institutions reporting to the Minister of Finance meet quarterly to discuss reporting and governance and to improve compliance with the Treasury Regulations and the PFMA.

Material performance variances for Programme 1 are related to:

- Security vetting of identified employees. Whilst it was envisaged that vetting of all identified employees would have been completed during the year under review, only 20 per cent of such vetting was completed. These delays resulted from insufficient human resources being available for this purpose, and the matter will be appropriately attended to during the year ahead
- The National Treasury's approved procurement plan was not submitted before the end of the 2013/14 financial year as initially intended. It was submitted on 27 May 2014; lessons learned from this experience will be considered in order to prevent future delays in this regard.

PROGRAMME 1 ADMINISTRATION

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To ensure effective leadership, management and administrative support to the department through the continuous refinement of organisational strategy and structure, in compliance with appropriate legislation and best practice.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Management	Ensure a safe and secure working environment	% of employees vetted to avoid security breaches	100% of identified employees vetted each year	<ul style="list-style-type: none"> The Security Management Directorate had targeted to vet 60% of National Treasury employees by the end of the 2013/14 reporting period. Only 20% of employees had been vetted by 31 March 2014 The under achievement is due to lack of sufficient human resources in both the Security Management Directorate and the State Security Agency. The Security Management Directorate is working on a plan to improve the turnaround times for vetting.
			No information leaks or disruption of business processes, especially during Medium Term Budget Policy Statement (MTBPS) and Budget	No information leaks or disruption of business processes due to security breaches were reported during the period under review.
		Business continuity management plans effectively implemented	Annually review and test business continuity management plans	<ul style="list-style-type: none"> The Business Continuity Management Policy was reviewed and submitted to the Governance Review Committee for approval. Business continuity tests were conducted for one division of the National Treasury identified as critical in terms of the approved Business Continuity Plan.
	Ensure that the department adheres to an integrated risk management system within a sound control environment	% of enterprise risk management strategy implemented	Annual review of enterprise risk management strategy and its full implementation	<ul style="list-style-type: none"> The Enterprise Risk Management Strategy for 2013/14 was reviewed and approved by the Accounting Officer. The risk management plan was fully implemented.
	Ensure that an appropriate number of regulatory, performance, compliance and information technology audits are completed in line with risks identified in the departmental risk profile	100% of audit plan completed in line with Institute of Internal Auditors (IIA) standards and Office of the Accountant-General (OAG) internal audit (IA) framework	Conduct 64 regulatory, compliance, performance and information technology audits	51 audits were completed as originally planned, whilst 13 were deferred to the next Audit Plan at the request of management. A further 9 ad hoc audits were completed and tabled at the Audit Committee meetings held throughout the year under review.

PROGRAMME 1 ADMINISTRATION

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To ensure effective leadership, management and administrative support to the department through the continuous refinement of organisational strategy and structure, in compliance with appropriate legislation and best practice.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
	Ensure follow-through on internal audit findings	% of IA recommendations implemented by management and oversight by the audit committee	Achieve reduction in findings with age analysis of more than 120 days	82% of IA recommendations implemented by management.
Corporate Services	Ensure an efficient human resources (HR) function	Talent management framework anchored to business, efficient HR service delivery and strengthened leadership capability	Improve talent management through benchmarking and alignment to strategy; create a high-performance culture by developing leadership, technical and behavioral competencies across all employee levels	<p>The talent management framework was anchored to business through the implementation of integrated HR service delivery processes aligned to business needs and strategy. A high performance culture has been maintained in that the department's core objectives have continued to be achieved at a high standard. Evidence of the integrated talent management framework being achieved includes the following statistics:</p> <ul style="list-style-type: none"> • The vacancy rate is 10.11%, with an average time to fill of 14 weeks. • The turnover rate for the year is 13.12%, with 156 total exits (130 terminations and 26 transfers), against a headcount of 1 189 as at 31 March 2013. • Female representation at SMS level has improved to 128 female SMS out of a total of 280, and 45.71% compared with a national target of 50%. • The disability statistics are 1.08% compared with the national target of 2%. • 179 training interventions were provided during the reporting period covering leadership, technical and behavioural competencies. • 50 bursaries (11 external and 39 internal) and 48 internships were in place during the financial year to assist with addressing critical skills gaps.

PROGRAMME 1 ADMINISTRATION

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To ensure effective leadership, management and administrative support to the department through the continuous refinement of organisational strategy and structure, in compliance with appropriate legislation and best practice.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
	Implement a culture of information management and knowledge sharing	Knowledge repository and management system implemented, accessible on intranet and remotely	<ul style="list-style-type: none"> Implement records management methodology in 75% of business units Establish knowledge management (KM) sites in 25% of business units 	<ul style="list-style-type: none"> Implemented records management methodology (file plan) in 75% of business units. Established knowledge management sites in 25% of National Treasury divisions. These were prioritised in order to enhance the CS divisional site and create secured divisional pages that facilitate the sharing of business units' information. The following milestones were also achieved: developed portal models, content harvesting methodology and secured approval of NT KM framework.
	Ensure effective ICT architecture, operations and service delivery	Services delivered according to service-level agreements (SLAs) and operations-level agreements (OLAs)	Achieve 95% SLA/OLA compliance	93.4% achievement of SLA targets in the financial year. Service levels achievement was below target largely as a result of increased call volumes owing to incidents caused by aging infrastructure and systems; these are in process of being upgraded and replaced.
	Provide and maintain adequate accommodation compliant with occupational health and safety standards	% of departmental office accommodation needs met	Meet all departmental office accommodation needs	All departmental office accommodation needs were met.
	Ensure sound financial management and governance according to best practice	Progressive development of analytical performance reporting with improved cost savings, and enhanced management accounting and supply chain management	Maintain financial reporting within two days of month end, with effective awareness and monitoring of spending	Met all monthly reporting deadlines (Departmental Section 40 Report, In-year Monitoring and Early Warning System to Public Finance).

PROGRAMME 1

ADMINISTRATION

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To ensure effective leadership, management and administrative support to the department through the continuous refinement of organisational strategy and structure, in compliance with appropriate legislation and best practice.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
			<ul style="list-style-type: none"> Create baseline costing model and measure savings rates Forecast savings targets for outer years. 	Due to effective and efficient implementation of strategic sourcing, the department made savings R9 079 555.80 during the reporting year.
	Financial governance and compliance and a sound control environment	Reduce findings on compliance by IA and Auditor-General year-on-year to achieve an unqualified audit report	Reduce findings on compliance by IA and Auditor-General year-on-year to achieve an unqualified audit report	There was significant improvement in resolutions of audit findings made by the Auditor-General in the 2012/13 financial year, with all except two being completely resolved. The two remaining findings relate to system errors at the Government Pensions Administration Agency (GPAA) and were partially resolved during the period under review.
	All statutory reporting regulations and deadlines met	Submit annual and biannual tax reconciliations two weeks before due date set by South African Revenue Service (SARS)	Submit annual and biannual tax reconciliation two weeks before due date set by SARS	Submitted the biannual tax reconciliation to SARS on 11 September 2013, seven weeks before the due date set by SARS. Annual tax reconciliation to SARS was submitted in April 2014, seven weeks before the May 2014 due date set by SARS.
		Submit approved procurement plan before deadline	Submit approved procurement plan before 31 March of each year	In line with cost containment measure considerations and proper demand management, approved procurement plan will be submitted during the first quarter of 2014/15 financial year.

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



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PROGRAMME 2

ECONOMIC POLICY, TAX, FINANCIAL
REGULATION AND RESEARCH

Purpose: Provide specialist policy research, analysis and advisory services on macroeconomics, microeconomics, taxation, the financial sector and regulatory reform.

Measurable objective: The programme advises on policies to promote growth, employment and macroeconomic stability, and conducts macroeconomic and revenue forecasts for the annual budget and the Medium Term Budget Policy Statement (MTBPS) and the development of tax and financial sector policy.

The programme is divided into four sub-programmes:

- *Management* advises on policies that will promote economic growth, employment, macroeconomic stability and regional integration.
- *Research* funds the department's economic research programmes and promotes the research capacity of academic researchers in the areas of economic growth, job creation, macroeconomic stability, taxation, financial sector development, regulations, retirement reform and poverty alleviation.
- *Financial Sector Policy* advises on financial sector policies in relation to the regulatory framework and supporting legislation. The current focus is on modernising the financial regulatory framework in response to the global financial crisis and facilitating a stable financial sector, retirement reform, improved access to financial services and the transformation of the financial sector.
- *Tax Policy* provides advice on tax policy drafts the annual tax legislation and carries out tax revenue analysis and revenue forecasting.
- *Economic Policy* provides macroeconomic and microeconomic analysis, policy advice, economic forecasts, regulatory assessments and policy review for the annual budget and other government processes.

The *Economic Policy*, and *Tax* and *Financial Sector Policy* divisions coordinate the National Treasury's interaction with:

- The South African Reserve Bank on the framework and conduct of macroeconomic policy, supervision and regulation of banking and management of exchange controls
- The Financial Services Board (FSB) on the regulation of non-banking financial services

- The Financial Intelligence Centre (FIC) on anti-money-laundering and combating the financing of terrorism
- The Cooperative Banks Development Agency (CBDA) on the development of cooperative financial institutions and the regulation and supervision of cooperative banks
- Three committees on macroeconomics, financial regulation and financial markets which the National Treasury's Asset and Liability Management, Economic Policy, Tax, and Financial Sector Policy divisions co-chair with the South African Reserve Bank. These committees also prepare recommendations for bilateral meetings between the Minister of Finance and the Governor of the Reserve Bank.

SERVICE DELIVERY
OBJECTIVES AND INDICATORS

Recent outputs

The programme funds research on economic growth and development through two institutions: Economic Research Southern Africa (ERSA) and the Centre for Research into Economics and Finance in Southern Africa (CREFSA) at the London School of Economics (LSE). The programme has budgeted an average of R11 million per year over the Medium Term Expenditure Framework (MTEF).

Economic policy

In addition to the research conducted by *Economic Policy* during the reporting year, the division also advised on growth-enhancing policies. Areas of work included:

- Assessment of policies to achieve higher sustainable economic growth and job creation
- Supporting South Africa's G20 inputs through briefings and speaking notes
- Analysis of exchange rate trends, their impact on the economy and the policy options for a more stable and competitive exchange rate
- Analysis and monitoring of capital flows and capital account management issues and of global trends in capital flows and policy

PROGRAMME 2

ECONOMIC POLICY, TAX, FINANCIAL
REGULATION AND RESEARCH

- Submission of papers evaluating the optimal level of foreign exchange reserves for the South African economy and the methodologies that can be used to calculate what these levels should be
- Inputs to the Economic and Employment clusters on decent employment through inclusive growth
- Research into the economic impacts of carbon taxation, the Integrated Energy Plan and electricity pricing policy
- Research into the economic drivers of tax revenue
- Research and inputs into trade and industrial policy
- An outline of the drivers of household savings in South Africa and possible policy responses
- Daily, weekly, monthly and quarterly monitoring and reporting on economic developments.

The division also engaged with a number of international organisations including the IMF, the World Bank and the Organisation for Economic Cooperation and Development (OECD).

Together with the *Public Finance*, *Tax Policy* and *Asset and Liability* divisions, *Economic Policy* assessed and advised on departmental policy proposals and the initiatives of state-owned enterprises.

The *Modelling and Forecasting* unit contributed to the budget framework, economic growth scenarios and analysis of the impact on the economy of commodity price shocks. It also provided long-term economic forecasts which assisted the National Treasury's work on debt management. The unit continues to build capacity in tax analysis, climate change and energy modelling as well as in Dynamic Stochastic General Equilibrium (DSGE) modelling, a macroeconomic policy analysis tool.

Tax and financial sector policy

Tax Policy conducted research and developed policy which culminated in the revenue forecasts and tax proposals made in the 2014 Budget. Follow up amendments and refinements to the tax deductible contributions to defined benefit retirement savings schemes will be enacted during 2014. The tax incentive design with regard to non-retirement savings has

been finalised. Amendments to limit the deduction of interest payments to help protect the corporate income tax base have been refined. The carbon tax offset paper and a paper reviewing the taxation of alcoholic beverages were published for public comment.

Financial Sector Policy is responsible for policies and legislation to ensure that South Africa enjoys the benefits of an advanced, stable, fair and accessible financial sector. The unit was widely engaged in the process of implementing proposals to strengthen the financial regulatory system, as contained in the National Treasury document "*A safer financial sector to serve South Africa better*".

During the year under review, the unit tabled the Banks Amendment Act 22 of 2013 in Parliament. The Act was promulgated on 10 December 2013, amends the Banks Act (1990) to strengthen the framework for banking regulation and supervision and specifically to give effect to the Basel 3 requirements for banking regulation. A new Financial Markets Act (No. 19 of 2012) was promulgated on 28 May 2013 to update South Africa's regulatory framework for financial markets. A draft Financial Sector Regulation Bill was approved by Cabinet and released on 11 December 2013 for public comment. This Bill aims to implement the "Twin Peaks" approach to financial sector regulation, giving new responsibilities to the South African Reserve Bank and converting the FSB into a dedicated market conduct regulator. Public comments have been received on the draft Bill, and a new bill is due for publication during the second half of 2014. In the 2014 Budget, the Minister also announced measures to deepen trade and investment links between South Africa and the rest of Africa.

The Financial Services Laws General Amendment Act, No. 45 of 2013, assented to by the President in January 2014 amongst other objectives, closes regulatory gaps, enhances the supervisory capabilities of the FSB and strengthens the governance and management of retirement funds. A paper titled "*Charges in South African retirement funds*" was released in 2013, followed by the "*2014 Budget update on retirement reforms*".

The unit monitors and promotes the policy objective of greater access to, and use of, appropriate and affordable

PROGRAMME 2

ECONOMIC POLICY, TAX, FINANCIAL
REGULATION AND RESEARCH

financial services. Progress is being made. Currently 75 per cent of adult South Africans are banked, compared to 47 per cent in 2005. However, in terms of access to credit, while 20.6 million, or 57 per cent of the adult population, use credit, 20 per cent are three or more months in arrears. To address consumers' current over-indebtedness and prevent such over-indebtedness in future, Cabinet instructed National Treasury and the Department of Trade and Industry to work together to implement a number of measures including setting clear affordability guidelines, ensuring the suitability of credit so that 30-day or pay-day loans are not marketed as appropriate for long-term use, strengthening monitoring and enforcement to ensure that unregistered credit providers are shut down and that registered ones are fully compliant and encouraging employers, including the public sector, to investigate the legitimacy of emolument-attachment orders for credit.

No material variances between planned and actual performance outcomes were experienced for this programme.

PROGRAMME 2

ECONOMIC POLICY, TAX, FINANCIAL
REGULATION AND RESEARCH

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Provide specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector and regulatory reform.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Research	Build economic research capacity in academic/research institutions, with the broad objective of promoting economic research relevant to South Africa	Number of papers published by research institutions and internally	Academic and research institutions publish 40 papers and department publishes four papers	<ul style="list-style-type: none"> 83 <i>Economic Research Southern Africa</i> (ERSA) papers published Carbon Tax Policy Paper published on 02 May 2013 Discussion document "Charges in South African Retirement Funds" published on 11 July 2013 "Non-retirement savings: Tax free savings accounts" policy discussion document published on 14 March 2014 "Budget update on retirement reforms" policy discussion document published on 14 March 2014.
Tax and Financial Sector Policy	Tax policy	Tax proposals published in annual Budget Review	Publish on Budget day	<ul style="list-style-type: none"> Tax Laws Amendment Act 31 of 2013, promulgated on 12 December 2013, Government Gazette 37158 of 12 December 2013 Rates and Monetary Amounts and Amendment of Revenue Laws Act No. 23 of 2013, promulgated on 02 December 2013, Government Gazette 37104 of 02 December 2013 Employment Tax Incentive Act No 26 of 2013 promulgated on 18 December 2013, Government Gazette No. 37185 of 18 December 2013; came into effect on 1 January 2014 Tax proposals published in Chapter 4 of Budget Review on Budget Day, 26 February 2014 Electronic services regulations published for comment on 30 January 2014. Final regulations published on 20 March 2014. Final non-retirement savings paper published for comment.
		Tax reforms towards environmental sustainability	Finalise proposals for carbon tax and prepare draft legislation	<ul style="list-style-type: none"> Revised carbon tax design announced in Budget 2014 Draft carbon tax legislation to be published for public comment by October 2014 Implementation date deferred to January 2016.

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ECONOMIC POLICY, TAX, FINANCIAL
REGULATION AND RESEARCH

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Provide specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector and regulatory reform.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Financial sector policy	A stable financial sector	Introduce enabling legislation for twin peaks model	<ul style="list-style-type: none"> Financial Markets Act (19 of 2012) promulgated on 28 May 2013 Draft Insurance Laws Amendment Bill published for comment on 26 June 2013 Banks Amendment Act 22 of 2013 promulgated on 10 December 2013, Government Gazette 37144 of 10 December 2013 Draft Financial Sector Regulation Bill, 2013 released for comment on 11 December 2013 Update on the regulation of hedge funds, and related commentary and response document, released on 10 February 2014 Financial Services Laws General Amendment Act, 2013 (Act No. 45 of 2013) promulgated in Government Gazette 37237 of 16 January 2014; in force from 28 February 2014.
		Savings and retirement policies that lead to increased levels of national savings	Public consultations and drafting of legislation	<ul style="list-style-type: none"> Discussion document "Charges in South African Retirement Funds" published on 11 July 2013 Briefings held with industry and unions on the discussion papers already published Tax Laws Amendment Act No. 31 of 2013 promulgated 12 December 2013, Government Gazette 37158 of 12 December 2013, with specific provisions to incentivise retirement contributions Drafted various regulations to give effect to remaining retirement reform proposals "Non-retirement savings: Tax free savings accounts" policy discussion document published on 14 March 2014 "Budget update on retirement reforms" policy discussion document published on 14 March 2014.
		Increased access to financial services	Publish policy papers on deposit insurance and dedicated banks	Work done on deposit insurance finalised and being incorporated in the Twin Peaks crisis management and resolution framework.

PROGRAMME 2

ECONOMIC POLICY, TAX, FINANCIAL
REGULATION AND RESEARCH

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Provide specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector and regulatory reform.

SUB-PROGRAMME		OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Economic Policy		Economic policy analysis, research, assessment and advice covering trade, labour markets, industrial sectors, network infrastructure, development finance institutions and economic growth	<ul style="list-style-type: none"> Quality policy memos and economic assessment of policy proposals with appropriate turnaround times National Treasury's economic outlook. 	<ul style="list-style-type: none"> Develop divisional capacity and quality benchmarking Improve benchmarking and coverage of issues Functioning microeconomic assessment Economic outlook representing sound economic analysis of trends and projections 	<p>Daily, monthly and quarterly indicators were tracked and circulated to relevant decision-makers. Economic assessments were undertaken on the following topical issues, amongst others:</p> <ul style="list-style-type: none"> Strikes in the mining sector and related issues The structure of the current account deficit and review of trends in the trade account Financial developments in emerging markets and currency movements Implications of Fed tapering actions. <p>Preparations for discussions on the economic outlook were completed for relevant meetings of Cabinet, Directors-General and investors. More than 50 investor interactions took place during the course of 2013/14.</p>
		Maintenance and development of economic models	Well-specified and up-to-date economic models	Economic models that facilitate policy-making through sound economic analysis	<ul style="list-style-type: none"> The core macroeconomic quarterly forecasting model of the South African economy was updated and improved. This is the model that produces the official economic forecasts for National Treasury. A Dynamic Stochastic General Equilibrium (DSGE) monetary and fiscal structural model was developed for policy analysis. The economy wide model was extended so that richer analysis can be done on tax policy, energy modelling and climate change. Short term models were continuously updated in order to incorporate the latest data; these models include an inflation model and various GDP models. A tax calculator model was developed to assess the impact of tax policies on revenue collection within various tax brackets.
		Macroeconomic forecasts	Quarterly economic forecasts and high-quality policy and scenario modelling	Comprehensive in-house macroeconomic analysis and forecasting	Four macroeconomic forecasts were completed in 2013/14. One was published with the 2013 Medium Term Budget Statement and the other with the 2014 Budget Review. Policy scenarios are modeled with each forecast but these are not published.
		Stable and competitive exchange rate	Economic policy analysis, research, assessment and advice on the real exchange rate	Monitor progress of measures outlined in MTBPS 2010 to achieve a more stable and competitive exchange rate and continued investigation into policy options	Currency movements were monitored on a daily and monthly basis. Policy advisory notes were drafted as required and policy options, including reserve accumulation, were discussed with relevant stakeholders. Elements of analysis on the exchange rate were published in the 2013 Medium Term Budget Statement and the 2014 Budget Review.

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PROGRAMME 3 PUBLIC FINANCE AND BUDGET MANAGEMENT



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PROGRAMME 3

PUBLIC FINANCE AND
BUDGET MANAGEMENT

Purpose: Provide analysis and advice on fiscal policy and public finances, intergovernmental financial relations, and expenditure planning and priorities. Manage the annual budget process and provide public finance management support.

Measurable objective: To promote growth, social development and poverty reduction through sound fiscal and financial policies and the effective, efficient and appropriate allocation of public funds. Specific aims are to:

- Prepare a national budget that gives effect to the government's economic, fiscal, social and developmental goals under the umbrella of the outcomes approach.
- Produce and publish the *National Budget*; publish the *Budget Review*, the *Estimates of National Expenditure* (ENE), the *Medium Term Budget Policy Statement* (MTBPS) and appropriation legislation containing relevant, accurate and clear financial information and associated indicators of service delivery and performance.
- Contribute to public policy and programme development through support for planning, policy and programme analysis, budgeting and project management including support for public finance reform in provinces and municipalities.
- Promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and project analysis, advice on financing alternatives, support for municipal development and financial assistance for neighbourhood development projects. These activities are complemented by Programme 8 activities (Technical and Management Support, and Development Finance).
- Monitor and analyse public expenditure and service delivery, and support improved monitoring and analysis of public expenditure and service delivery and the appropriate use of public and private financial resources for social and economic development and infrastructure investment.

SERVICE DELIVERY
OBJECTIVES AND INDICATORS

Recent outputs

Budget Office

The *Budget Office* is responsible for the national budget process, including the publication of the *Budget Review*, the *Medium Term Budget Policy Statement* and the *Estimates of National Expenditure*. The division oversees expenditure planning, provides fiscal advice, leads the budget reform programme, manages official development assistance, and compiles public finance statistics.

The *Fiscal Policy* unit manages and develops the fiscal framework which is used to advise the Minister of Finance on policy options available in setting the budget framework. The unit further regulates, analyses and reports on public sector infrastructure spending. In 2013/14, the unit completed a revised version of the country's long term fiscal outlook report. This was submitted to Cabinet for comment. In addition, the unit began work on the design of a new fiscal risks framework which considers risks to government finances across the public sector.

The *Expenditure Planning* unit has the responsibility for designing a budget process that relates to government's fiscal framework, with the imperative of funding government's priorities. The annual process for budget allocation decision-making was determined and executed in consultation with the Minister of Finance and his colleagues on the Ministers' Committee on the Budget. The unit issued various guidelines to government institutions on the budget process input requirements at different stages of the process, and administered the process of budget consultations involving all spheres of government. Ultimately Cabinet approval was obtained for the budget allocations to government institutions. The unit also coordinated the production of the Appropriation Bill, required for parliamentary approval of these budgets, as well as of the accompanying Estimates of National Expenditure publications, tabled with the 2014 Budget in February.

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PUBLIC FINANCE AND BUDGET MANAGEMENT

In addition, the unit managed the 2013/14 financial year budget adjustments process and the production of the Adjustments Appropriation Bill, and the accompanying Adjusted Estimates of National Expenditure, published in October 2013. The unit is also responsible for budget reform, and leads or participates in interdepartmental forums as well as representing South Africa internationally in this capacity. South Africa was the main venue of the unit's 2013/14 international engagements. Presentations were made in Kenya in August and September 2013, at a Collaborative Africa Budget Reform Initiative (CABRI) annual conference and as an expert advisor reviewing Kenya's programme budgeting reform respectively.

The *Public Finance Statistics* unit produces fiscal data and public finance statistics within a consistent accounting framework which complies with national and international reporting requirements. These statistics support the budget and its auxiliary processes. The aim is to maintain and improve the transparency and accountability of government finance data used for budget publications and for submission to international organisations such as the IMF.

The unit produced consolidated government accounts for the 2013 MTBPS and the 2014 Budget Review, providing information on the operating account, the capital account and a consolidated financing position, whilst ensuring close alignment with the IMF's GFS presentation format. All newly listed entities were included in the consolidation. To further improve the verifiability of cash budgets for public entities, detailed cash flow data (direct method) was used in the consolidation. The unit also processed the data for estimating the preliminary spending numbers and calculating the preliminary budget balance for 2013/14.

The Standard Chart of Accounts (SCOA) committee, co-managed by the unit and the *Technical Support Services* unit in the Office of the Accountant General, published a number of classification circulars and participated in Basic Accounting System (BAS) User forums. The chart was reviewed to eliminate classification inconsistencies by the departments, by automating some of the category links when using the chart.

Training material was revised to ensure alignment with the

SCOA changes introduced on 1 April 2013 and with the new South Africans Qualifications Authority (SAQA) approved SCOA unit standards. A first draft of a revised Reference Guide to the Economic Reporting Format that supports the use of SCOA was also compiled, aligning it with the changes.

The *International Development Cooperation* (IDC) unit is responsible for coordinating, mobilising and managing official development assistance (ODA). The IDC enhances ODA coordination through continuous engagement with development partners on various platforms including annual consultations, high level bilateral meetings and official visits. Within government departments, the IDC has enhanced coordination by organising national and provincial ODA coordinators' fora and has facilitated greater accountability and transparency by reporting on ODA programmes to the budget allocation decision-making process. Through a series of community of practice sessions and manuals, the unit has also developed capacity within line departments to report on and manage budget support programmes. Within the last year, the unit has finalised the agreements for the €100 million Infrastructure Investment Programme for South Africa (IIPSA) and the €25 million Socio-Economic Justice for All (SEJA) between the European Union and South Africa.

In the last year, the South African government received R2.3 billion in the form of grants from bilateral international development partners. These grants support development efforts across many sectors of government.

The *Public Entities Governance* unit implements the recommendations of the public entities governance review framework. It provides institutional support to various public entities, both at the national and provincial spheres of government, on a variety of issues. During the reporting year, the unit assisted with preparing consolidated financial accounts and maintaining budget databases and administrative records of the general government sector including public entities, as well as developing applicable remuneration frameworks. The unit continued efforts to enhance the regulatory environment for the governance and management of public entities, taking into account various perspectives on the legislative, financial, human resources and other applicable frameworks. The unit provided support to various

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PUBLIC FINANCE AND BUDGET MANAGEMENT

departmental review committees on public entities reporting to Ministers and consulted with departments on budgets and on policy related matters concerning public entities.

The purpose of the *Public Sector Remuneration Analysis and Forecasting* unit is to provide timely analysis and policy advice about the fiscal impact of government compensation spending and changes in policy.

Key areas of work in 2013/14 included deliberation of the report on options available for designing an appropriate pension benefit structure for traditional leaders, which was completed in November 2012. At present, further discussions on the report are on hold pending the outcome of ongoing broader consultations relating to features of the Political Office Bearers Pension Fund (POBPF) between the National Treasury, the Independent Commission for the Remuneration of Public Office Bearers and the Legislative Sector Forum. The Minister of Finance gave approval for the process to amalgamate the Temporary Employees Pension Fund (TEPF) with the Government Employees Pension Fund (GEPF). The process for considering implementation details, including a full data audit, and rules governing the transfer, communication with employers, and calculation of transfer values is presently underway. The amalgamation will be effective following the date of implementation to be approved by the Minister of Finance. It is envisaged that the amalgamation should be completed by 30 September 2014. The amalgamation of the Associated Institutions Pension Fund (AIPF) with the GEPF has not yet been approved, owing to the pending legal process to amend the AIPF Act (No. 41 of 1963) to authorise the Minister of Finance to approve the amalgamation.

The unit has finalised the development of a draft report on pre-funding alternatives to address the post-retirement medical assistance obligation in the public service. The report is currently undergoing analysis within the National Treasury and will be discussed further with relevant stakeholders.

The unit has completed a statutory actuarial valuation draft report on state liabilities in respect of post-retirement healthcare benefits. The report was issued without Police Services Medical Scheme (POLMED) details. It is undergoing

analysis and will be further updated and distributed following access to the POLMED data and the implementation of the revised medical assistance policy for the public service. The implementation details of the revised dispensation are under negotiation in the Public Service Coordinating Bargaining Council (PSCBC).

Public Finance

The *Public Finance* division oversees budgetary planning and execution in national departments, provides advice and analysis on sectoral policies and programmes, monitors public expenditure and advises on financial and budgetary aspects of public policy and spending proposals. The division provides advice to the Director-General, the Deputy Minister and the Minister on cabinet memoranda and public finance issues that require ministerial concurrence or National Treasury approval. It is the primary link between the National Treasury and other national departments and government agencies.

The *Administrative Services* unit oversees the finances and budgets of a number of central government departments and entities. Key areas of work in 2013/14 included:

- *The Presidency*: the unit worked closely with the department on its budget programme structure and on managing spending. The unit also formed part of the task team responsible for reviewing the National Youth Development Act.
- *Department of Monitoring and Evaluation*: the unit worked closely with the department on its budget programme structure and facilitated funding for the newly established Government Performance Information Unit.
- *Department of International Relations and Cooperation*: the unit provided advice and technical support to the department on the acquisition strategy and implication of various financing arrangements for the construction of the Pan African Parliament and affiliated structures; contributed to the review of the foreign exchange management framework; and participated in expenditure and performance reviews of foreign missions.
- *Department of Home Affairs*: the unit assisted the department to roll out the live capture system to 27 district offices. The department was thus able to issue the Smart ID card from July 2013.

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PUBLIC FINANCE AND
BUDGET MANAGEMENT

- *Statistics South Africa*: the unit assisted with monitoring spending on household surveys. It assisted Stats SA with its PPP project to obtain new head office accommodation. By the end of 2013/14, the tender for the project had been awarded and construction of the building is planned to start in 2014/15.
- *Department of Public Works*: the unit reviewed the department's draft turn-around plan and provided extensive comment on the conceptualisation and resourcing of various stabilisation and transformation projects; provided guidance on the operationalisation of the Property Management Trading Entity; coordinated processes that led to the signing of a funding agreement between the government of South Africa and the African Development Bank for the development of a one-stop policy for South African border-posts; participated in reviewing the performance of the Expanded Public Works programme and the development of a plan for the third phase of the programme; advised the Independent Development Trust on an appropriate long-term business and funding model; advised the department and relevant stakeholders on processes that need to be followed for shifting custodial responsibilities for endowment properties to the Department of Defence; and advised on adjustments to the baseline of the department necessary to bring its budget in line with its spending capacity.
- *National School of Government*: the unit provided technical support for the transformation of the Public Administration Leadership and Management Academy into the National School of Government (NSG); and provided extensive comments and technical advice on the strategy as well as the business and funding models for the NSG.
- *Department of Public Service and Administration*: the unit provided extensive feedback on proposals for the establishment of the Office on Standards and Compliance and the Anti-Corruption Bureau; advised the department on the need to bring spending in the Administration programme in line with its budget; coordinated the derivation of a more realistic budget for the Presidential Remuneration Review Committee.

The *Justice and Protection Services* unit oversees planning, expenditure and service delivery by departments in this sector. Key achievements for 2013/14 included:

- *Department of Correctional Services*: the unit commented on the Draft White Paper on Remand Detention in South Africa, and provided advice on a business case for the establishment of a Professional Council for Corrections as well as the application for the transformation of departmental production workshops into commercially operated production factories.
- *Departments of Defence and Military Veterans*: the unit successfully motivated for a budget allocation for paying benefits to military veterans; provided guidance and advice to the Department of Military Veterans on the draft military veterans benefits regulations and recommended approval of the regulations; and assisted the Department of Defence to secure funds for peacekeeping operations in the Central African Republic and for promoting maritime security on the east coast of Africa.
- *Department of Justice and Constitutional Development*: the unit provided advice and inputs to Legal Aid South Africa on the revision of the Legal Aid Act (1969); and continued to give support and guidance to the Department of Justice and Constitutional Development on the draft regulations relating to educational assistance for victims identified by the Truth and Reconciliation Commission, and their subsequent finalisation.
- *Office of the Chief Justice*: the unit continued to provide guidance and support to the newly established department, particularly with regard to the transfer of functions from the Department of Justice and Constitutional Development, the configuration of its 2013/14 and 2014 MTEF budget baseline, and revisions to its approved programme structure.
- *Independent Police Investigative Directorate (IPID)*: the unit provided detailed inputs to the IPID on its 2014/15 annual performance plan and provided technical advice to the department on the revision of its budget programme structure in line with the Budget Programme Structure Guidelines (2010).
- *Department of Police*: the unit provided comment to the Department of International Relations and Cooperation (DIRCO) and the South African Police Service (SAPS) on the draft funding agreement between South Africa and the United Nations Interregional Crime and Justice Research Institute (UNICRI) for undertaking a

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comprehensive study of the possible links between transnational organized crime, other criminal activities and the illicit trafficking of precious metals. The unit also provided comment and/or inputs on the following policy documents and reports: Green Paper on Policing, Victims of Crime Survey, Criminal Law (Forensic Procedures) Amendment Bill, 20 Year Review Synthesis Report, Geographic Accessibility Study, amongst others. The unit further provided and consolidated comments received from other units within the National Treasury on the Private Security Industry Regulatory Authority Amendment Bill.

- *Civilian Secretariat for Police*: the unit provided technical support and advice to the secretariat on the budgeting, reporting and accounting requirements that need to be in place for it to operate as a designated department independent from the Department of Police; and provided detailed comments on the department's 2014/15 annual performance plan.
- *Integrated Justice Cluster*: the unit provided advice to the Minister of Finance on the financial implications of the implementation of the Minimum Sentencing Law, produced 2012/13 reports on the performance of the criminal justice system departments linking it with budgeting, and provided advice on the project plans to enhance the performance and operations of the criminal justice sector and the integrated justice system modernisation programme.

The *Education and Related Departments* unit monitors and advises on a number of functions implemented largely by provinces and public entities. During the year, the unit assisted with improved monitoring of expenditure and service delivery and with reviews of current departmental policy and implementation approaches. Key areas of work in the year included:

- *Department of Basic Education*: the unit served on the Steering Committee for the Expenditure and Performance Review of In-Service Training (INSET) for teachers; assisted and advised the department on improving the delivery of school infrastructure; advised the department on the drafting of the regulations related to norms and standards for school infrastructure; and advised on the establishment of the National Education Collaboration Trust.

- *Department of Higher Education and Training*: the unit participated in discussions on the funding of university student accommodation; advised on developing a feasibility study for the new universities in Mpumalanga and the Northern Cape; and assisted and advised on transferring responsibility for the adult education and training function and Further Education and Training Colleges function to the national Department of Higher Education and Training.
- *Department of Sport and Recreation*: the unit assisted and advised the department and host cities with planning and budgeting for the African Nations Championships (CHAN) 2014; commented and advised on the impact of the planned legislation to ban alcohol advertising and sponsorship of sport and the arts; and assisted the department with the planned transfer of earmarked funding for sport and recreation in the Municipal Infrastructure Grant to a sport and recreation infrastructure conditional grant.
- *Department of Labour*: the unit commented on the Unemployment Insurance Amendment Bill and especially the inclusion of public servants, and made a proposal on this which was accepted; commented on the Policy on Acceptable Households Chores in respect of Child Labour; and advised the department on fast tracking the advertising and recruitment of labour inspectors and the development of an implementation schedule for taking over the provision of IT services.
- *Department of Arts and Culture*: the unit assisted the departments of Arts and Culture and Basic Education to determine their roles and responsibilities in the provision of dual purpose libraries and to develop proposals for the implementation of the Mzansi Golden Economy Strategy; participated in the expenditure and performance review of language services and provided detailed comments on the report; provided comments on the Norms and Standards for the Public Library Information Services Bill; and advised the Department and staff of the Auditor-General on the classification of expenditure from unauthorised to irregular expenditure.

The *Health and Social Development Chief Directorate* created a new indirect grant called the National Health Grant in 2013/14. Consisting of two components (National Health Insurance and Health Infrastructure), the grant is designed to

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improve spending and performance on general-practitioner contracting, development of a new hospital reimbursement mechanism and health infrastructure projects. Much of the unit's focus during the year was on monitoring expenditure and performance of the two components of this grant. The unit prepared a discussion document on financing options for the NHI and had a number of engagements with the Department of Health to discuss NHI policy proposals. In the preparation of the 2014/15 budget, a new component of the National Health Grant was created to provide for the introduction of the new human papilloma virus (HPV) vaccine which protects against cervical cancer. In addition, additional funding was provided for continued expansion of the antiretroviral treatment (ART) programme, the South African Demographic Health Survey and the Office of Health Standards Compliance (which will become a public entity in 2015/16).

The unit refined the projection model for social grants and used it to inform the 2014 social grant increases and budgets. Progress was made in developing options for universalising the old age grant. The research process on welfare services financing is progressing well, with the first phase focussing on improving the administration of transfers to NPOs. The unit supported the implementation of the revised programme structure for provincial Departments of Social Development. It also participated in the NPO registration Expenditure and Performance Review (EPR) project and discussions were held with National Department of Social Development on taking the recommendations forward. The unit engaged the National Department of Social Development on the outcome of the review of the National Development Agency and how its mandate should be focussed. The unit provided extensive input into the Early Childhood Development policy and programme and submitted input on the costing of this policy to Cabinet. The unit also provided Cabinet with input on significant policy issues around substance abuse, social crime prevention, food security and the Children's Amendment Bill. The unit provided extensive input into the Medium Term Strategic Framework (MTSF) chapter on Social Protection.

The *Economic Services* unit works with government departments and agencies and analyses policy proposals, strategies, funding requests and expenditure plans of

departments and state entities responsible for regulatory oversight, economic development, employment, growth, science and technology, tourism, environmental protection, land reform, rural development, agriculture, forestry, fisheries, trade and industrial development.

Below are some of the unit's key activities in the reporting year:

- *Department of Environmental Affairs:* the unit was a member of the Green Fund Management Committee that supports green initiatives to assist South Africa's transition to a low carbon, resource efficient and climate resilient development path delivering high impact economic, environmental and social benefits; and of the Project Management Team that assesses progress on the Expanded Public Works Environmental and Tourism Sector Programmes in terms of job creation and spending progress. The unit advised on and assessed investment projects for PFMA compliance in environmental, science and technology fields.
- *Department of Agriculture, Forestry and Fisheries:* the unit commented on the Agriculture Policy Action Plan; and assessed and gave input to the Micro-Agricultural Financial Institutions of South Africa (MAFISA) impact study.
- *Department of Rural Development and Land Reform:* the unit assisted the department to speed up the restitution process and the Comprehensive Rural Development Programme (CRDP) by assisting the Department for Performance Monitoring and Evaluation (DPME) with its review on Restitution and Comprehensive Rural Development Programme (CRDP). It continued to support the department with its National Rural Youth Services Crops programme, which has trained 14 000 rural young people to date.
- *Department of Mineral Resources:* the unit commented on the draft amendments of the Mine Health and Safety Amendment Bill. Inputs were also given on the draft technical regulations on petroleum resources including shale gas exploration, following the approval to lift the moratorium on the acceptance and processing of applications to explore shale gas to allow normal exploration (excluding actual hydraulic fracturing).
- *Department of Economic Development:* the unit supported small business financing through the Economic Competitiveness Support Programme to the Small Enterprise Finance Agency; and provided comment on

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the progress of the implementation strategy for the Youth Employment Accord.

- *Department of Trade and Industry:* the unit supported industrial development through the Economic Competitiveness Support Programme for the Manufacturing Competitiveness Enhancement Programme and Special Economic Zones. It served on adjudication committees of various incentive schemes, and participated in the Expenditure Review of the Industrial Development Zones in order to inform future policy roll out. The unit provided comment on the latest iteration of the Industrial Policy Action Plan.
- *Department of Public Enterprises:* the unit provided assistance to the capacity building programme of the Department of Public Enterprises to strengthen its oversight through filling strategic positions within the department. It participated in the department's task teams to develop strategies to enhance its strategies and operations.

The *Urban Development and Infrastructure* unit provides budget, policy and expenditure management and support to national departments and the 50 associated public entities involved in infrastructure provision including transport, energy, water and sanitation, telecommunications, municipal infrastructure, cooperative governance and human settlements.

The unit made progress in the following areas during the year:

- Finalised the funding framework and fiscal commitments for the new rolling stock procurement programme of the Passenger Rail Agency; supported the drafting of the Transport Economic Regulator Bill; introduced a new allocation formula for the Human Settlement Development Grant to align allocations with the new census data; and created a new grant to support capacity building in urban metropolitan municipalities to support the assignment of the housing function.
- Supported the Department of Communications in finalising the SA Connect Broadband Policy and Strategy as approved by Cabinet in 2013, and the funding arrangements for subsidies to facilitate the broadcasting digital migration programme. The unit also engaged in finalising the National Infrastructure Development Bill to ensure alignment with the PFMA.

- Supported the finalisation of the financing mechanism for acid mine drainage and the programme elements for the biofuel subsidy programme. The *National Capital Projects* unit conducted in-depth assessments of feasibility studies for major national infrastructure reports. Other responsibilities included monitoring the progress of large projects/programme builds; analyzing and problem-solving infrastructure delivery constraints; and developing frameworks for financing public infrastructure investment.

The unit completed the update of the liquid fuels sector investment study and several studies of the feasibility of gas, nuclear and regional hydro for electricity generation; continued to monitor the electricity sector and particularly the Eskom build programme; reviewed the feasibility of projects in the transport sector; started a comprehensive review of environment expenditure on the budget; completed a review of the impact on delivery of various procurement regulations, and an analysis of funding and pricing mechanisms for various projects and sectors; and drafted a new chapter in the Budget Review on infrastructure. A project appraisal methodology for capital projects was finalized, and was supported by training in cost-benefit analysis, studies in various aspects of project costing and the development of a framework for financing public infrastructure.

The *National Capital Projects* unit conducts in-depth assessments of feasibility studies for major national infrastructure reports. Other responsibilities include monitoring the progress of large projects/programme builds; analyzing and problem-solving infrastructure delivery constraints; and developing frameworks for financing public infrastructure investment.

During the 2013/14 financial year, the unit completed several in-depth studies on the key energy generation options for South Africa, both short- and long-term; it undertook analysis of funding and pricing issues relating to the electricity sector; participated in and advised on several project steering committees looking at developing large energy projects; continued with a study updating investment options in the liquid fuels sector and completed a first iteration; internally delivered quarterly updates on the progress of large projects; and assisted with analyzing the feasibility of a number of transport projects.

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Intergovernmental Relations

The *Intergovernmental Relations* (IGR) division coordinates fiscal and financial relations between the national, provincial and local spheres of government, an important function given that R498.6 billion or 52.6 per cent of non-interest expenditure in 2013/14 was allocated to provinces and municipalities. The bulk of this expenditure went to priority programmes such as education, health care and the provision of free basic services.

The division coordinates inputs to the division of revenue, the annual Division of Revenue Bill and the development of the framework for managing conditional grants. The 2013 Division of Revenue Act (DORA) included new clauses requiring plans for provincial infrastructure grants for health and education to be submitted to national departments as a condition for future grant allocations to fund those plans. A new local government equitable share was introduced in 2013/14, following a consultative review process undertaken in 2013. The new formula allocates funding for free basic services for the 59 per cent of South African households that reported having an income of less than the value of two old age grants. The new formula also allocates larger amounts to rural municipalities that have limited ability to raise their own revenues. The 2013 division of revenue included updating the provincial equitable share with data from the 2011 Census. The updated data reflected some significant changes in the distribution of demand for services across the provinces; as a result, the updated formula allocates significant increases to those provinces with the fastest growing demand for services. To cushion the impact of these changes on the allocations to provinces with slower growth in demand (and hence slower growth in allocations), an additional R4.2 billion has been allocated to these provinces over the 2013 MTEF.

The division coordinates the implementation of the City Support Programme (CSP) designed to respond to demands from metropolitan municipalities for an integrated programme of assistance in addressing their challenges of inclusive economic growth and poverty reduction. 2013/14 was a start of the implementation phase of the CSP and much effort was focused on defining the desired outcomes, performance targets, strategies and plans and support needs in each city. The activities implemented included the determination of built environment

performance indicators agreed with cities, the development of Built Environment Performance Plans (BEPPs) and the development of City Implementation Support Plans (CISPs) based on individualised support needs assessments. Other activities included the continuation of the Executive Leadership Programme for the metropolitan municipalities focusing on public transport and spatial transformation. The technical focus of the programme was on the interface between planning and regulation, finance, institutional arrangements and operational and investment. In partnership with the National Planning Commission, a Spatial Targeting workshop was held to review South Africa's past and present initiatives to promote local and regional development through spatially-targeted investment and to find ways of better supporting inclusive growth at local and regional levels, maximising the returns from public interventions and reducing the risk of failure. The workshop involved approximately 80 representatives from all spheres of government and most sectors, together with academics, development partners and experts from China, Brazil and the European Union.

The Integrated City Development Grant (ICDG) was established in 2013/14 to provide incentives for metropolitan municipalities to integrate and focus their infrastructure investments within identified integration zones within cities; metropolitan municipalities will also be assisted to plan and programme a series of catalytic investments within these zones. During the 2013/14 financial year, R40 million was allocated to metropolitan municipalities that obtained unqualified audit opinions in the 2010/11 financial year and achieved acceptable levels of capital expenditure performance.

The National Treasury has developed, tested and implemented an Infrastructure Delivery Management System (IDMS) across the provinces; this clarifies and defines public sector infrastructure delivery processes and sub-processes. To standardise infrastructure delivery in the country. A similar process to customise the IDMS for local government was initiated during the reporting year. Most of the work of customizing and implementing IDMS in local government will be undertaken in the coming financial year.

The Infrastructure Skills Development Grant (ISDG) is a conditional grant designed to expand and deepen the built

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environment skills pipeline for municipalities. Seventeen municipalities are participating in the programme, with three partnering with Water Boards in training graduates. A total of 419 graduates are being trained in various skill categories in line with the requirements for professionalization by the respective statutory councils. During the financial year, a Steering Committee was convened to give strategic direction to the National Treasury on professionalizing graduates in various skill categories. The Steering Committee is composed of representatives of various sector departments, statutory councils and voluntary bodies. The division also developed the ISDG policy and guideline documents and revised service level agreements with the participating municipalities.

With respect to monitoring of municipal budgets, during the reporting period IGR continued the roll out of the municipal budget and reporting regulations with the aim of improving the quality of information received from municipalities. Key to this is improving oversight over local government budget legislative prescripts by national and provincial treasuries. All 278 municipalities have compiled their 2014/15 Medium Term Review Expenditure Frameworks in line with the MBRR. There has been a particular focus on ensuring that all municipalities complete the MBRR supporting schedules and ensure that their budgets documents articulate the strategic and service delivery objectives of the IDP. This has enabled quarterly publication of consolidated municipal financial performance reports, in line with Section 71 of the MFMA. Furthermore, the National Treasury publishes a consolidated set of budget information for all municipalities annually. This practice is aligned with the MFMA and has been institutionalised over the past six years. The reporting facilitates transparency, better in-year management and oversight of budgets, making these reports into management tools and early warning mechanisms so that councils can improve their oversight role.

The division continued to improve the conditional grant monitoring framework for local government. All 278 municipalities' unspent conditional grants were reconciled and verified for the 2012/13 financial year. Section 21 of the DORA was invoked in offsetting previous years' unspent conditional

grants from underperforming municipalities and returning them to the National Revenue Fund (NRF), with a total of R1.6 billion returned. This is higher than the R733 million recorded in 2012/13. The division met with 53 municipalities to discuss the offsetting of unspent conditional grants. During 2013/14, National Treasury instituted a Task Team to support Mopani District municipality in Limpopo on the management of its conditional grants. The work will continue in the new financial year. National Treasury continues annually to identify and support eligible municipalities in the management of their conditional grants.

During the reporting period, two engagements, on the Municipal Budget and Benchmark Engagement (MBBE) and the Mid-year Budget and Performance Assessment, with the 17 non-delegated municipalities were undertaken as planned. The MBBE marks the sixth consecutive engagement with the 17 non-delegated municipalities. Analysis and feedback were circulated to all 17 to ensure that good-quality and sufficient reporting is achieved, in line with the Batho Pele principles. Annually, improvements are noted in municipalities' understanding of how to apply the funding compliance methodology and the requirements for funded municipal budgets. IGR facilitated the replication of the MBBE exercise to be conducted with the 261 non-delegated municipalities, via the provincial treasuries. These activities are envisaged to constructively support municipalities to improve their execution of financial management and strategic planning functions. The ultimate aim would be for municipalities to align these planning and management functions with service delivery objectives.

During the reporting period, a draft regulation on a Standard Chart of Accounts (SCOA) for local government was published and followed by planning for conducting on change management and piloting. The IGR unit has processed over 2000 comments received after the publication of the draft SCOA and has refined the classification framework. The unit held SCOA workshops with the following stakeholders: provincial treasuries; several national departments including the Department of Cooperative Governance and Traditional Affairs (CoGTA), 44 district municipalities with their local municipalities, 8 metropolitan municipalities, SALGA, AGSA and professional bodies.

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MFMA circulars No. 70 and 72 were circulated and published on the National Treasury's website. The circulars provide municipalities with guidance on preparing the 2014/15 municipal Medium-Term Revenue and Expenditure Framework (MTREF) budget. To improve the credibility of reported performance information, Circular 72 requires municipalities and their entities to submit annual financial statements to the national and provincial treasuries and other organs of state certified by the Auditor-General.

The division continued to support provinces with preparing their budgets and monitoring their expenditure. The budget benchmarking exercise largely ensured the credibility of budgets, especially in the critical areas of health and education. There was particular emphasis on proper funding of Learner and Teacher Support Material (LTSM) and teacher salaries; on funding non-negotiables such as medicines; and on funding NGOs in the social development sector.

Provincial performance monitoring activities continued with timely quarterly publication of financial data for public and media use. This process was strengthened in 2013/14 with the publication of non-financial information for the agriculture, health and social development sectors. The division also provided quarterly briefings to Parliament on the fiscal position of all nine provinces and participated in the public hearings of the National Council of Provinces (NCOP).

To guide best practice in building capacity at provincial level, the division has developed an Integrated Strategic Support Plan (ISSP) for the provinces. Phase 1 of a programme to improve provinces' financial management has been initiated in the KwaZulu-Natal, North West and Western Cape provinces. Technical support is provided through European Union (EU) donor funding.

A further capacity building initiative with provincial treasuries was initiated through the Public Expenditure and Financial Accountability (PEFA) assessments in the Free State, KwaZulu-Natal, Limpopo and Western Cape provinces. The aim is to assess the level of financial management capacity and to initiate corrective action where required.

Support provided during the reporting year also included permanent deployment of staff to the Limpopo Provincial Treasury where a Section 100 intervention is in progress; and assistance with addressing critical system failures in the Eastern Cape, Free State and Gauteng provinces.

Variances between planned and actual achievements for this Programme relate to:

- Concluding the review of municipal own revenue sources:
 - The review is a process of collaboration with various stakeholders and therefore requires extensive consultations. In lieu of this, the timeframes for finalising the report on initial reforms to municipal own revenues were extended to ensure that all stakeholders are properly consulted. To date, a working group consisting of metropolitan municipalities, the Department of Cooperative Governance, FFC, SALGA and National Treasury has been established to undertake the review, and desk-top analysis work has begun.
 - The draft development charges policy framework, draft Municipal Fiscal Powers and Functions Amendment Bill and draft regulations on municipal development charges have been reviewed in line with the outcomes of internal consultations. Processes are underway to commence consultations with external stakeholders.
- Conducting of budget assessment and in-year monitoring workshops for all provinces. Workshops had been undertaken for all except the Gauteng provincial officials. Challenges were faced in this regard and will be resolved in due course.
- Publish Local Government Budgets and Expenditure Review (LGBER) by end of October 2013. The scope of this exercise was expanded and as a result a change in the scheduled date for publication of the LGBER was approved.

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Programme Management	Leadership and coordination of programme	Timely completion of budget documents Effective coordination of budget process	Publish <i>October Medium Term Budget Policy Statement</i> (MTBPS) and February Budget Budget framework consistent with government's fiscal policy guidelines and public expenditure priorities, with draft completed by end-September each year Division of revenue between national, provincial and local government aligned with budget framework and medium-term expenditure priorities, with draft completed by end-September each year	MTBPS presented to Parliament, 23 October 2013, and the Budget Review and other budget documents on 26 February 2014. The Budget framework, consistent with government policy and priorities, was completed and included in the MTBPS that was delivered in Parliament in October 2013. The vertical division of revenue for the 2014 Medium Term Expenditure Framework (MTEF), which reflected government's priorities, was set out in the MTBPS presented to Parliament on 23 October 2013. The final vertical division of revenue over the 2014 MTEF was tabled in the 2014 Budget.
Public Finance	Sectoral and departmental policy advice	Departmental correspondence, submissions, reports and publications	Timely and relevant analysis and advice Selected expenditure reviews (EPR)	Input provided on departmental strategic and annual performance plans including monitoring of quarterly performance reporting to align budgeting and planning Departmental correspondence, submissions, reports and cabinet memoranda have been dealt with timeously by all chief directorates. Nine EPRs have been completed in tranche 1 of the Expenditure Review Project team.

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SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Expenditure analysis	Monthly and quarterly monitoring of expenditure; analysis of expenditure trends	Quarterly expenditure reports Consolidated functional expenditure estimates	Function Group committees have been formed by the MTEC process to implement consolidated expenditure estimates as a first step towards reporting on a consolidated basis. They have completed their work for the 2014 Budget and the Budget was tabled to Parliament on 26 February 2014.
	Medium-term expenditure recommendations	Inputs on departmental budget submissions to Medium-term Expenditure Committee (MTEC)	MTEC and Ministers' Committee on the Budget recommendations on expenditure policy and allocations	The baseline allocations have been amended throughout the various phases of the budget process and have been approved by MTEC, the Ministers' Committee on the Budget and Cabinet. The 2014 Budget was presented to Parliament on 26 February 2014.
	Social security and retirement reform (jointly with Programme 2)	Policy framework and implementation road map	Phased implementation of contributory social security reforms	The ENE chapters were completed and the ENE published and presented to Parliament on 26 February 2014.
				There was no progress in the development of reform proposals for comprehensive social security in 2013/14 due to a breakdown of the inter-departmental task team leading this project. Instead, support was provided to the reforms of the private retirement industry that are being led by the Financial Sector Policy Unit in National Treasury. It is hoped that the comprehensive social security reform project will be revived in 2014/15, but this cannot be guaranteed.

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Establishment of capital projects unit	Analysis and advisory reports	<p>Analyse, evaluate and monitor major infrastructure projects and make funding recommendations</p> <p>Promote best practice in analysis of infrastructure projects and related issues across National Treasury</p>	<ul style="list-style-type: none"> Nuclear feasibility report Assessment of the nuclear feasibility study Importing of gas pre-feasibility study Liquid fuels investment review update Assessment of short-term electricity supply options for South Africa Assessment of long-term electricity price path options (still underway) Design of a financing framework for infrastructure (draft complete) Quarterly updates on the progress of large infrastructure projects in South Africa Assessment of the feasibility study for the Grand Inga Project Assistance to the Central Energy Fund on best practice for the feasibility study for the proposed Solar Park Assessment of the feasibility of the Department of Energy's Integrated Energy Plan Establishment of Task Team to assess constraints to private sector financing of infrastructure in South Africa; completion of report on constraints; establishment of workstreams to address constraints.

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Budget Office	Determination of annual budget allocations and the vertical division of revenue	Publication of budget documents and appropriation legislation	Timely publication of Appropriation Bills (38 votes), Finance Bills and Division of Revenue Act	Starting with the indicative baseline allocations published for each of the 38 votes, decisions to amend were made throughout the various phases of the budget process. Cabinet approval was obtained for allocations and allocation schedules for the 38 votes were sent to departments in November 2013. Final allocations were approved by Cabinet in February 2014 and were in line with government's Budget Framework, including the division of revenue.
	Design, coordination and publication of budget documentation	Number of guidelines issues and budget documents designed, coordinated and published per year	ENE (38 votes) AENE Appropriation Bill Adjustments Appropriation Bill Budget Review MTEF, AENE and ENE guidelines	<ul style="list-style-type: none"> The ENE publication and the Appropriation Bill were tabled in Parliament at the time of the Budget, on 26 February 2014. The AENE publication and the Adjustments Appropriation Bill were tabled in Parliament at the time of the MTBPS, on 23 October 2013. The Budget Review and other budget documents were tabled in Parliament on 26 February 2014. The MTEF guideline was issued in June 2013, the AENE publication chapter guideline in August 2013 and the ENE publication chapter guideline in November 2013.
	Design and management of budget process for national government	Timely completion of a well-coordinated budget process	Integrated and coordinated MTEF budget process that government organisations participate in and are knowledgeable about	Designed and implemented the budget process that determined the budget over the 2014 MTEF period, within which all institutional budget allocation decisions were finalised and ultimately approved by Cabinet.

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Consolidate general government accounts for use in all publications of National Treasury	Public finance statistics presented according to function and economic classification for consolidated general government	<p>Extend coverage of consolidated account to include information on consolidated accounts and borrowing of all of general government</p> <p>Issue classification circulars and guidelines used by departments for transactional classification guidance</p>	<ul style="list-style-type: none"> Improved data quality thorough review of functional classification focussed on provincial data to create consensus with Stats SA. Government consolidated account produced a week earlier than scheduled, giving the team time to interrogate the information. Consolidation improved by identifying more inter-related transactions for netting. Improved data availability and accessibility by compiling a time series of the published budget information (national and provincial) in user friendly Excel tables. Improved understanding of departments' spending patterns via the March spike report for 2012/13 over a five year period. Improved data input into the preliminary outcomes report. Data ready on time. Significant progress was made on the database development, and process documented. The ENE data was moved to SQL and the consolidation data was flowing directly from the database. A quarterly reporting template was developed and piloted to a selected sample of entities, as part of reporting reform initiatives for public entities. SCOA query turnaround-time improved to about eight working days from 10 working days. Financial management enhanced through publishing of classification circulars; participated in BAS user forums. Classification inconsistencies eliminated by automating some of the category links when using the chart. New accredited training material updated and ready for the prelaunch of the SCOA training programme in 2014. Reference Guide to the Economic Reporting Format reviewed to support the improved chart.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Capital expenditure planning and evaluation	Improved quality of capital planning, leading to more efficient budget allocations and capital expenditure	Roll out SAQA accredited training programme on Standard Chart of Accounts (SCOA)	A reform framework for the regulation of capital projects was designed. The Minister, Deputy-Minister, Director-General and Deputy Directors-General gave approval for the new framework and regulations. Draft regulations were prepared; these have not yet been enacted into law.
			Regulatory framework for capital projects and revised Treasury regulations	
			Pilot new planning and appraisal system, and develop rollout plan	
	Long-term fiscal report and development of fiscal guidelines	Enhanced alignment of budget documentation with fiscal guidelines based on principles of countercyclicality, debt sustainability and intergenerational equity	Develop practice manuals and begin developing sector-specific guidelines	<p>The emphasis has been on improving the general capital planning guidelines so that there are no substantive revisions year-on-year. The shift is now to the sector specific guidelines, starting with the sectors that spend the bulk of the infrastructure budget.</p> <ul style="list-style-type: none"> Shortened version of the Long Term Fiscal Report completed, with feedback received from the Ministers' Committee on the Budget (MinCombud) and comments received from Cabinet. Draft structure of fiscal risks framework and report completed, based on findings of the fiscal risks workshop held in December 2013. This framework will assist with ensuring long-term sustainability and intergenerational equity.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Official development assistance (ODA) resources aligned to and mobilised for government policies and priorities	Alignment of ODA funding decisions with the budget process	<p>Support improvements of delivery in ODA-funded programmes and greater compliance with global commitments</p> <p>Enhance accountability for ODA receipts through improved monitoring and dissemination of information</p> <p>Align with global reform of ODA management and application of alternative funding models that support use of country systems to align ODA with the budget</p>	<ul style="list-style-type: none"> • Participated in the development of a joint position paper. • Participated in regional consultations for East and Southern Africa on development effectiveness. • Negotiated country strategic papers (CSP) for future development cooperation. Bilateral consultations between the SA government and development partners (Canada, EU, France, Germany and Switzerland). • Led the review on all EU sector budget support programmes from 2000 to 2011. • Compiled a report on ODA in SA which informed stakeholders of project progress and financial standing during the budget process. • Commissioned and participated in a study to review the nature of concessionary loans within SA. • Administered the feasibility study, financing proposal and budget approval as part of the contribution agreement modality (IIPSA programme as implemented by DBSA).

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Deepen governance and accountability in public entities	Implement a governance and financial management monitoring and compliance system in public entities	<p>Broaden institutional budgeting, reporting and support to public entities (national and provincial)</p> <p>Assist entities with implementation of change management and improved business processes</p> <p>Review financial, human resource and administrative frameworks in public entities, including Treasury regulations</p>	<ul style="list-style-type: none"> Reviewed financial, human resource and administrative frameworks in public entities including Treasury regulations. Submitted recommendations to Cabinet on frameworks applicable to public entities. On-going
			Submit recommendations on frameworks applicable to public entities to Cabinet	Engaged with Auditor-General on performance reporting for public entities.
			Help public entities to improve compliance and governance	Provided institutional support to entities.
	Improved understanding of government remuneration policy and implications of wage settlements on public sector wage bill	<p>Reports on remuneration analysis</p> <p>Effective communication of policy analysis and forecasting results</p>	<p>Provide periodic reports, information and advice to stakeholders on implications of changes in remuneration policy and wage settlements to contribute to containing remuneration bill, effective service delivery and sustainable fiscus</p>	<ul style="list-style-type: none"> The new remuneration policy handbook is 90% complete. Third quarter reports for 2013/14 have been finalised and submitted. Fourth quarter reports are at an advanced stage. Work on annual remuneration report is in progress (30% complete). Focus is on analysing sectoral trends in employment and the key drivers of wage growth. 50% of data required for improving the Cost of Living (COLA) model received from Persal and is being decoded for analysis

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
				<p>Inputs to MTEC process feeding into MTBPS finalised. Inputs to Chapter 3 of the MTBPS have been made, and to the 2014 Budget Review.</p> <p>Draft report on investigation of prefunding solution for post-retirement medical subsidies in the public service finalised and under consideration. The report will be adopted following endorsement by stakeholders within Treasury.</p> <p>The Minister has approved the submission from the DPSA on:</p> <ul style="list-style-type: none"> • Revised policy on post-retirement medical assistance • Adjustment of medical assistance • Draft report on actuarial valuations for medical subsidies in the public service, completed and submitted to Treasury. Report is undergoing analysis. <p>The Minister has approved the repayment/funding debt plan for the non-statutory forces (NSF). The commitment is to repay a fixed R732m over the next 9 years.</p> <p>A meeting was held with the Independent Commission for the Remuneration of Public Office Bearers on 14 March 2014. Broad agreements reached on how to address the identified challenges in the pension benefit structure for the Traditional Leaders and Political Office Bearers Pension Fund (POBPF) and the process to be followed.</p> <p>Proposed principles to underpin the amalgamation of the TEPF and AIPF with the GEPP were submitted to the Financial Services Unit for peer-review.</p>

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Inter-governmental Relations	Provincial and local government budget framework, in line with fiscal framework and policy objectives	Timely publication and quality of Division of Revenue Bill and explanatory memorandum (Annexure W1)	Provincial and local government budget frameworks by September each year Division of Revenue Bill tabled on Budget day with no errors	<ul style="list-style-type: none"> Provincial and local government fiscal frameworks for 2014 MTEF tabled in Budget Council and Budget Forum on 3 October 2013 and 7 February 2014 and tabled as part of the 2014 Budget 2013 Division of Revenue Amendment Bill (dealing with in-year adjustments) tabled in Parliament on 23 October 2013 and signed into law on 2 December 2013 2014 Division of Revenue Bill tabled in Parliament on 26 February 2014. Bill passed by National Assembly on 13 March 2014 and National Council of Provinces on 26 March 2014.
	Review of equitable share formulas and structure of conditional grants	Funding gaps in existing formulas addressed	Use of new data sets from Census 2011 in provincial equitable share formulas Introduce and phase in a new local government equitable share formula using new data sets from Census 2011	<p>Final provincial equitable share allocations for 2014 MTEF tabled as part of 2014 Division of Revenue Bill</p> <p>The 2014/15 allocations for the local government equitable share, which reflect the second year of phasing in of the new formula, were updated with revised cost and population estimates and tabled as part of 2014 Division of Revenue Bill.</p>
			Review local government infrastructure conditional grant system based on 2011 Census results	<ul style="list-style-type: none"> The differentiated approach to grants for urban and rural municipalities was identified as a principle of the grant system in the review process and supported through changes in the 2014 Division of Revenue Bill, including a new grant to develop the capacity of metropolitan municipalities to administer the housing function, and revised planning requirements for infrastructure grants to metropolitan municipalities. Consultation workshops held with municipalities and national sector departments to identify and agree on challenges with the current local government infrastructure grant system. Data analysis and literature review work is on-going

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Review of Municipal Fiscal Powers and Functions Act	Amendments to Functions Act that improve ease of implementation	Review municipal own revenue sources	<ul style="list-style-type: none"> In order to undertake the review of municipal own revenues in participation with stakeholders, the timeframes for finalising the report on initial reforms to municipal own revenues were extended. To date, a working group consisting of metropolitan municipalities, the Department of Cooperative Governance, FFC, SALGA and National Treasury has been established to undertake the review, and desk-top analysis work has started. The draft development charges policy framework, draft Municipal Fiscal Powers and Functions Amendment Bill and draft regulations on municipal development charges have been reviewed in line with the outcomes of internal consultations. Processes are underway to commence consultations with external stakeholders.
	Develop programme to support cities to manage their built environments	Support improved infrastructure planning and management of built environment in cities	Implement cities support programme in eight metropolitan municipalities	<ul style="list-style-type: none"> Capacity needs assessments initiated in the eight metropolitan municipalities The Leadership in Transport and Spatial Transformation course held with the political and executive leadership of the metropolitan municipalities. Built environment indicators developed together with the metropolitan municipalities.
	Facilitate and monitor infrastructure planning and delivery at provincial and local government	Support improved performance of infrastructure grants Improved performance in infrastructure delivery for cities	Introduce City Performance grant Assess built environment plans for all metros and selected secondary cities	<p>Five metropolitan municipalities received integrated city development grants in accordance with the identified performance criteria.</p> <p>Draft 2014/15 Built Environment Performance Plans submitted by all eight metros (including identification of sub-metropolitan integration zones) and feedback provided to the metros.</p>

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Improved performance in infrastructure planning for selected provincial departments	Assess all provincial education and health infrastructure plans and provide feedback to provincial treasuries	All submitted provincial education and health infrastructure plans assessed, and feedback provided to provincial treasuries.
		Improved monitoring for infrastructure delivery in provinces	Design and pilot governance monitoring system in two provinces to monitor improvements in infrastructure delivery	An Infrastructure Progression Model developed and tested for relevancy and possible roll-out in the next financial year.
	Building capacity for effective, efficient and transparent processes of infrastructure delivery	Infrastructure delivery management (IDM) toolkit institutionalised in infrastructure delivery improvement programme departments	Develop and pilot IDM programme course through higher education institutions	Structured foundation and executive courses developed on the IDM toolkit and successfully piloted.
	Effective implementation of annual DORA and conditions stipulated for conditional grants Performance assessments for conditional grants programmes	Number of workshops and training on DORA requirements Number of conditional grant programmes assessed and conditional grant performance annually	Six division of revenue workshops each year	Six workshops held.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
			Eight conditional grant programmes assessed 48 conditional grant performance reviewed	48 review reports produced.
	Building capacity in provincial treasuries	Development and implementation of capacity-building programme for provincial treasuries	Implement programme in all nine provinces	Implementation has begun for all provinces with the finalisation of the generic structure for provincial treasuries. Other components of the programme will proceed in the current MTEF.
		Number of provincial treasuries trained in budget assessment and in-year monitoring	Budget assessment and in-year monitoring workshops for all provinces	Eight provincial treasuries were trained on the IYM system and on budget assessment (combined).
	Building budgetary capacity in provincial departments	Number of people trained on budget formulation and budget analysis courses	To be commissioned externally	External 'commissioning' delayed by the transition from PALAMA to the School of Government.
	Roll out municipal budget and reporting regulations	Number of municipalities complying with new formats	Budgets of all 278 municipalities in accordance with formats and focus on quality and narrative information	<ul style="list-style-type: none"> All 278 municipalities compiled their 2013/14 MTREF budgets within the prescriptions of the Municipal Budget and Reporting Regulations. Specific focus has been on ensuring that all municipalities complete the supporting tables to the Municipal Budget and Reporting Regulations and ensure that their budget documents appropriately articulate the strategic focus and service delivery objectives of the budget. Published 2013/14 verified budget information on 13 December 2013. Of the 278 municipalities, 206 municipal budgets reconciled to the electronic input forms. Published MFMA Budget Circular 70 in December 2013 and Circular 72 in March 2014 to guide municipalities with compiling their 2014/15 MTREF budgets.

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Municipal budget assessment	Benchmark engagements with all municipalities	Assess budgets for all non-delegated municipalities to determine funding, credibility and sustainability	<ul style="list-style-type: none"> Hosted and undertook the 2013/14 Municipal Budget and Benchmark Engagements for the 17 non-delegated municipalities. Analysis and assessment reports based on the outcomes, including recommendations compiled for all 17 non-delegated municipalities and distributed for their attention. Consolidated briefing note on the outcome of the 2013/14 municipal budget and benchmark engagement for the 17 non-delegated municipalities concluded for MinComBud. Facilitated a duel process for the 261 delegated municipalities in which the provincial treasuries replicated the analysis and assessment process undertaken by the National Treasury. This process resulted in provincial reports describing the outcome of the analysis and assessment process undertaken with the municipalities.
	Publication of municipal non-financial information	Annual publication of non-financial information with focus on quality and scope	Publish non-financial information for 278 municipalities each year	<ul style="list-style-type: none"> Verified and published consolidated non-financial information relating to personnel, wages and head counts for the 2013/14 MTREF. In preparation for the 2013/14 municipal budget verification exercise, officials from all nine provincial treasuries were trained. In-year monitoring training was conducted in the Western Cape, Limpopo, Northern Cape and Gauteng provinces. Piloted the introduction of non-financial in-year reporting with the 17 non-delegated municipalities.
	Funding compliance methodology implemented in line with sections 17 and 18 of the MFMA	Number of municipalities using the methodology	Provincial treasuries to oversee application of methodology to all municipalities Provincial treasuries to submit consolidated report on funding compliance analysis and results for each municipality	<ul style="list-style-type: none"> Undertook, as a routine matter, the evaluation, assessment and analysis of the funding compliance (budget funding adequacy) of the 17 non-delegated municipalities. Outcomes were captured in the individual reports to the 17 non-delegated municipalities. Assisted all provincial treasuries with replicating and institutionalising these leading practices with the 261 delegated municipalities. Assessment findings were subsequently captured in the individual provincial reports and communicated with individual municipalities.

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.					
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14	
	Mid-year budget and performance assessment in line with section 72 of MFMA	Number of municipalities assessed, and corresponding reports sent to the municipalities	<p>Conclude mid-year assessment for non-delegated municipalities by March each year</p> <p>Provincial treasuries to submit a consolidated report on mid-year performance assessment for each municipality</p>	<ul style="list-style-type: none"> Mid-year budget and performance engagements with the 17 non-delegated municipalities undertaken between January and March 2014. Draft mid-year reports finalised on time to allow non-delegated municipalities to prepare their adjustment budgets. 	
	Development of SCOA for municipalities	Project progress against plan	<p>Finalise SCOA regulations and conduct related to the legislative consultation process</p>	<p>Subsequent to the Minister publishing the draft Municipal Regulations on a Standard Chart of Accounts, undertook an extensive public consultation process, including:</p> <ul style="list-style-type: none"> National Treasury and other internal stakeholders Provincial treasuries and all relevant departments, including the Department of Cooperative Governance Consultants, advisors and professionals 44 district engagements incorporating all municipalities Engagement with the eight metropolitan municipalities Engagement with other stakeholders such as SALGA and the Office of the Auditor-General of South Africa. <p>Refined the Municipal Regulations on a Standard Chart of Accounts based on the outcomes of the above processes.</p>	
	Publication of municipal non-financial information	Quarterly publication of non-financial information	<p>Revise service delivery and budget implementation plan formats</p> <p>Publish non-financial information for metropolitan municipalities and 19 secondary cities</p>	<ul style="list-style-type: none"> Piloted the in-year reporting framework of non-financial information for the eight metropolitan municipalities. Published the non-financial information based on the outcome of the piloting exercise for the eight metropolitan municipalities. Started the process of rolling out the in-year reporting framework as it relates to non-financial information to the remaining non-delegated municipalities. 	

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Monitoring of conditional grants	Number of municipalities correctly verifying their conditional grants expenditure		<ul style="list-style-type: none"> Undertook verification of conditional grant expenditure for all quarters of the financial year for all 278 municipalities. Undertook rollover applications process for the 2012/13 financial year by October 2013 for all 278 municipalities. Offsetting of the 2011/12 unspent conditional grants process as per the DORA completed. Publication of the 2013/14 Adjustment Estimate gazetted in December 2013.
	Provincial and local government budgets and expenditure reviews	Publish provincial and local government budget reviews with focus on quality and scope	Publish provincial budgets and expenditure review in August 2013	The comprehensive review was not published on August 2013. Instead, the National Treasury provided in-year reviews of provincial budgets and expenditure to Parliament and to the Budget Council.
			Publish Local Government Budgets and Expenditure Review by end of October 2013	The 2014 Local Government Budgets and Expenditure Review was not published in October; instead, a draft document was prepared. This will be published in 2014/15. In 2013/14, the State of Municipal Finances Report was published.
	Publication of provincial and local government expenditure reports in terms of the PFMA (Section 32), MFMA (Section 71) and DORA (Section 44(3))	Timely and accurate reports	Publish provincial quarterly reports a month after quarter-end each year	All Section 32 reports produced on time as per the requirements of the PFMA and published on the National Treasury website.

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Measurable objective: The programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies, and the effective, efficient and appropriate allocation of public funds.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Coverage and reliability of municipal and provincial information	<p>Maintain coverage at 278 municipalities each year</p> <p>Improve reliability of data each year</p>	<ul style="list-style-type: none"> Coverage of all 278 municipalities has been maintained throughout the municipal financial year, with a noticeable improvement in the quality of Section 71 reports. State of Municipal Finances and Financial Management Report published in December 2013. Report to Parliament on over- and under-spending by municipalities for 2012/13 was published in December 2013. An analysis of third quarter MFMA Section 71 report for non-delegated municipalities was undertaken.

ANNUAL

REPORT 2013/14

PROGRAMME 4
**ASSET AND
LIABILITY MANAGEMENT**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PROGRAMME 4

ASSET AND LIABILITY
MANAGEMENT

Purpose: Prudent management of government's financial assets and liabilities.

Measurable objective: Manage government's annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state-owned entities through financial analysis and oversight.

There are six sub-programmes:

- *Management* provides strategic guidance and direction to the overall programme, including management of the divisional budget.
- *Oversight and Governance of State-Owned Enterprises* seeks to oversee and enable state-owned enterprises to meet government's policy objectives in a financially and fiscally sustainable manner, as well as to promote sound corporate governance.
- *Government Debt Management* provides for government's long-term funding needs, manages domestic and foreign debt and contributes to the development of domestic capital and retail markets.
- *Financial Operations* provides for government's short-term funding needs, the prudent management of cash, the efficient accounting for debt and investment transactions, the supply of reliable systems and the provision of quality information.
- *Strategy and Risk Management* develops and maintains a risk management framework for cash investments, debt and contingent liabilities of the State.
- *Financial Investments* provides funding mainly for the recapitalisation of Eskom and the Land and Agricultural Development Bank of South Africa.

SERVICE DELIVERY
OBJECTIVES AND INDICATORS

Recent outputs

On an annual basis, the *Oversight and Governance of State-Owned Enterprises* unit reviews the corporate plans of all public entities listed in Schedule 2 and 3B of the PFMA, including

some selected Schedule 3A entities. In addition to assessing their alignment with government's priorities, financial sustainability and soundness of governance, the review aims to identify possible risks proactively so that appropriate mitigating actions can be taken. Similarly, the public entities' performance is evaluated through a review of their annual reports. In 2013/14, 29 corporate plans and 33 annual financial statements of public entities and DFIs, and 12 corporate plans and annual reports of Water Boards, were reviewed.

The unit analyzed the remuneration trends in Schedule 2 public entities against the State-Owned Entities Remuneration Guide (SOERG) and Water Boards against the Water Affairs Remuneration Policy, and shared the findings with shareholder departments. The finalization of the PIC and the SASRIA Memorandum of Incorporation in compliance with the new Companies Act was also completed in this period.

Requests from public entities for funding, guarantees and borrowing limits were analysed. No new funding allocations were made to public entities. Approval of domestic borrowing limits for Rand Water, Umngeni Water, Mhlathuze Water, Pelledrif Water, Sedibeng Water and the Trans-Caledon Tunnel Authority, as well as a foreign borrowing limit for Transnet, were granted.

The tenor of the existing R5 billion guarantee to SAA was extended to become a perpetual guarantee. A R1.5 billion guarantee was approved for the Land Bank. The financial performance and progress in relation to the turnaround strategy of all public entities with guarantees, continued to be monitored closely and reported on a quarterly basis.

The unit consolidated the capital expenditure and borrowing plans of the public entities and monitored and reported progress against these plans on a quarterly basis. State-Owned Companies (SOCs) spent approximately R120 billion on infrastructure against a budget of R125 billion, translating to 96 per cent of spending against plans.

As required in terms of the Municipal Finance Management Act (MFMA), the National Treasury provided written comments to each of the Water Boards regarding proposed tariff adjustments. A briefing was made to the Parliamentary Portfolio Committee on the Water Boards' tariffs and performance. Notifications in

PROGRAMME 4

ASSET AND LIABILITY MANAGEMENT

terms of Section 54(2) of the PFMA relating to major transactions being undertaken by public entities were analysed.

The *Oversight and Governance of State-Owned Enterprises* unit also undertook the following activities during 2013/14:

- Reviewed the corporate plans, shareholder compacts and annual reports of the PIC, SASRIA, DBSA and the Land Bank. They were tabled in Parliament by the Minister of Finance.
- The Memorandum of Incorporation (MOI) for the PIC and SASRIA were finalised.
- A number of policies or amendments to Acts with implications for the public entities were considered, and comments provided. The focus was particularly on policies affecting the energy, transport, ICT and water sectors. An amount of R7.9 billion of capital support for the DBSA over the 2013 MTEF period was approved, of which R2.4 billion was transferred in 2013/14. An amount of R500 million was transferred to the Land Bank as part of its recapitalisation.
- The DBSA's mandate for infrastructure development was extended beyond SADC to the rest of the African countries.
- A review of the treasury management policies of the Land Bank and SAX was completed.
- The unit participated in work streams and cluster forums that contribute to an efficient, competitive and responsive economic infrastructure network.
- The National Treasury has established a task team to work jointly with representatives from labour and the private sector to enable increased private investment in infrastructure, and the unit was a key contributor. During 2013/14, the task team undertook a market sounding to identify obstacles impeding private investment.

The *Government Debt Management* unit successfully financed the gross borrowing requirement of R208 billion, originally budgeted at R215.5 billion. This was financed through the issuance of domestic short-term loans (R23 billion), domestic long-term loans (R171 billion) and foreign loans (R19.6 billion). In addition, government increased cash balances by R5.6 billion. Investments in retail bonds amounted to R3 billion.

Debt service costs were R101.2 billion against a revised budget of R100.5 billion. Domestic and foreign loans of R40.8 billion were repaid during 2013/14.

A nominal amount of R179.1 billion was issued in domestic long-term loan issuance, of which 21 per cent was in inflation-linked bonds and 79 per cent in fixed-rate bonds. To manage refinancing risk at the short end of the yield curve, about 65 per cent of domestic bond issuance was at the +17 years maturities. Also in an effort to smooth the maturity profile, three new bonds were introduced during the year, (two fixed-rate bonds and one inflation-linked bond). The bond switch programme reduced the redemption amount of the R201 (8.75%: 2014) bond by R10.6 billion in 2013/14.

The *Financial Operations* unit managed cash flows amounting to R4.7 trillion in 2013/14, ensuring that government had sufficient funds available to meet its daily cash requirements. Surplus cash was optimally invested, earning interest equal to the South African Benchmark Overnight Rate (SABOR).

The total balance of surplus cash which provinces and some public entities are required to invest with the Corporation for Public Deposits (CPD) reached a high of R58 billion, making on average R23 billion available as bridging finance for the national government. As part of government's on-going broadening of the coordination of public sector cash, 25 new accounts were added to the public sector portfolio of accounts at the CPD.

To comply with sound debt management principles of transparency and accountability, the unit met all the relevant reporting requirements of the PFMA and of the IMF's Special Data Dissemination Standards. Transparency was also enhanced by publishing information on the Investor Relations website.

On the systems front, 90 per cent of the functionality for the retail debt module has been fully developed and quality assurance tested, with user acceptance training commencing in preparation for implementation. All payments in respect of domestic and foreign debt are now being processed in a straight-through manner using SWIFT.

The *Strategy and Risk Management* unit ensured that government's funding strategy continued to be informed by domestic and foreign debt portfolio risk benchmarks; and government's exposure to contingent liabilities, primarily emanating from its public sector infrastructure programme, is minimised.

PROGRAMME 4

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The reviewed risk benchmarks were approved in 2013 for implementation in 2014/15. This modified set of benchmarks separates inflation risk from interest rate risk. The benchmarks further introduce additional risk indicators to limit the share of short-term debt and debt maturing over the medium-term arising from Fixed Rate Bonds (FRBs) and revaluation growth of inflation linked bonds (ILBs).

To characterise how long or short the average maturity of government debt portfolio should be, given the trade-off in the cost and risks of the current debt portfolio and of financing government's future debt obligations, two Average-Term-to-Maturity (ATM) indicators have been introduced. Due to different cash flow characteristics of government debt (fixed, floating or inflation linked), the first average term to maturity (ATM1) combines FRBs and Treasury Bills (TBs), while the second average term to maturity (ATM2) is purely for ILBs.

In the absence of a foreign currency hedge programme and to limit the downside impact of currency depreciation and external vulnerability, the foreign debt ratio risk indicator has been revised lower and from a range to a limit. This reflects government's decreasing appetite for high risk and volatile sources of debt and financing, likely to impact negatively on government's cost and cash flow objectives. The cost and risk model for strategic risk benchmarks integrates fiscal, macro and market variables as drivers of the cost and volume of government debt in a way that supports government's fiscal policy objective of maintaining debt at sustainable levels.

Government debt increased from R1 366 billion in 2012/13 to R1 585.8 billion in 2013/14, with foreign debt accounting for 9.1 per cent of the total loan debt. This is well below the new foreign debt risk benchmark of 15 per cent. The share of debt maturing within a year was 14.3 per cent against a limit of 15.3 per cent. The share of debt maturing in 5 years was 14.6 per cent against a limit of 25 per cent. The share of inflation-linked debt was 21.3 per cent against a range of 20-25 per cent. The average term to maturity of FRBs and TBs was 9.9 years against a range of 10-14 years. The average term to maturity of ILBs was 14.8 years against a range of 14-17 years.

Government's guarantee exposure to public entities increased to R209.2 billion in 2013/14, from R180.2 billion in 2012/13. Eskom makes up 58.5 per cent of the total government guarantee portfolio.

During 2013/14, four major credit rating agencies reviewed South Africa's investment grade credit ratings. In July 2013, Moody's Investors Service (Moody's) and Ratings and Investment Information, Inc. (R&I) affirmed the country's credit ratings at 'Baa1' with a negative outlook and 'A-' with a stable outlook respectively. In the latter part of 2013, Standard & Poor's (S&P) and Fitch Ratings (Fitch) followed by affirming the country's credit rating at 'BBB'. However, S&P maintained their negative outlook while Fitch maintained their stable outlook relating to SA's credit rating.

Notable variances between planned and actual performance are listed below:

- Providing an annual report to Cabinet on the status of government's contingent liabilities. Whilst the report had been drafted, the requirement to table this draft at a meeting of the Infrastructure Cluster forum and thereafter at MinComBud resulted in an extension of the envisaged submission date. It will be submitted for Cabinet consideration during the 2014/15 year.
- Whilst the gross issuance of R215,5 billion was initially estimated for the 2013/14 year, the actual requirement was reduced to R208 billion, as a result of the outcomes of the requirements of the national budget and the ability to meet cash requirements through domestic and foreign loans.
- Switch auctions did not yield the target amount of R11,6 billion for the year under review. R10.6 billion was switched out under the switch auction programme from the R201 bond maturing on 21 December 2014, due to lesser demand during switch auctions
- A country risk policy review, as part of ongoing strategy and risk management efforts, was not completed as planned. The document was prepared but was not approved in 2013/14. It will be submitted for approval in 2014/15.

PROGRAMME 4

ASSET AND LIABILITY
MANAGEMENT

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Oversight and Governance of State-Owned Enterprises	Exercise oversight over state-owned enterprises to enable the achievement of government policy objectives in a financially sustainable manner	Analysis of corporate plans, shareholder compacts and annual reports of state-owned companies (SOCs), development finance institutions (DFIs) and Water Boards	<p>Analyse and submit reports annually on all corporate plans, shareholder compacts and annual reports of SOCs, DFIs and Water Boards</p>	<ul style="list-style-type: none"> Corporate plans and annual reports of SOCs, DFIs and Water Boards analysed and report submitted Shareholder compacts of Public Investment Corporation (PIC), South African Special Risk Insurance Association (SASRIA) and Development Bank of Southern Africa (DBSA) and Land Bank analysed and submitted for approval 33 SOCs' Annual Reports for 2012/13 analysed 29 SOCs' Corporate Plans for 2014-2016 analysed 12 Water Boards' Annual Reports for 2012/13 analysed 12 Water Boards' Corporate Plans for 2014 to 2016 analysed.
			<p>Review Annual Reports of public enterprises reporting to National Treasury (PIC, SASRIA, DBSA and Land Bank) and prepare for submission to Parliament</p>	
		Monitoring and reporting of infrastructure spending and borrowing by SOCs, DFIs and Water Boards	<p>Submit quarterly reports on SOCs, DFIs and Water Board infrastructure spending and borrowing</p>	<ul style="list-style-type: none"> Collected and analysed information on capital expenditure programmes of SOCs, and reported quarterly progress for 2013/14. Submitted quarterly reports on SOCs, DFIs and Water Board borrowings. Collated and consolidated quarterly borrowing and funding progress data for SOCs and DFIs.

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MANAGEMENT

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Strengthening regulatory environment and oversight of SOCs, DFIs and Water Boards	Finalise memorandum of incorporation for PIC and SASRIA and facilitate applications for exemptions for DBSA and Land Bank before 30 April 2013	<ul style="list-style-type: none"> PIC and SASRIA Memorandum of Incorporation were finalised. No applications for exemptions.
			Annually report on remuneration of SOCs, DFIs and Water Boards in terms of King III Report on Corporate Governance and Remuneration Guidelines	Remuneration reviews for both Schedule 2 and 3B public entities were finalised and engagements with relevant stakeholders were conducted.
			Amendment of Treasury regulations pertaining to SOCs, DFIs and Water Boards to strengthen regulatory oversight	Corporate Plans, Quarterly Reports, shareholder compacts, and borrowings and capital expenditure information were forwarded to the Office of the Accountant General for consolidation purposes.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
		Review of PFMA submissions and applications for guarantees, funding, borrowing limits and MFMA tariff increases	<ul style="list-style-type: none"> • Compile submissions on PFMA Section 54(2) applications from SOCs, DFIs and Water Boards within 30 days of receipt of comprehensive information • Compile submissions on guarantee and borrowing limit applications from SOCs within stipulated timeframes • Compile submissions on funding requests from SOCs within stipulated timeframes • Compile submissions on MFMA Section 42 applications for amendments to water and electricity tariffs within 40 working days of application receipt. 	<ul style="list-style-type: none"> • Finalised PFMA Section 54(2) submissions in respect of Eskom, Denel, South African Broadcasting Corporation (SABC), South African Airways (SAA), South African Express (SAX) and Central Energy Fund (CEF) • Analysed and compiled submissions on guarantee requests from Trans-Caledon Tunnel Authority (TCTA), Eskom, South African Express (SAX), South African Airways (SAA), and Central Energy Fund (CEF) • Analysed and compiled submissions on borrowing limit applications from National Housing Finance Corporation (NHFC), Sedibeng Water, Pelladri Water, Umgeni Water, South African National Roads Agency Limited (SANRAL), South African Post Office (SAPO) and Eskom • Analysed and assessed funding requests from the National Empowerment Fund (NEF), Land Bank, National Housing Finance Corporation (NHFC), and South African Airways (SAA) • Analysed 2014/15 Water Board tariff requests • Borrowing limits for TCTA, Umgeni Water and Transnet approved by Minister of Finance • Increased foreign borrowing limit for Eskom and DBSA • Completed the review of eight PFMA Section 54(2) applications: seven for the IDC and one for National Urban Reconstruction and Housing Agency (NURCHA). • Facilitated structural hedging for the Airports Company of South Africa (ACSA) • Facilitated short term borrowing for SANRAL • Completed the review of Land Bank's request for guarantee. The Minister of Finance approved R1.5 billion in guarantees. • Completed the review of NEF's request for reclassification borrowing approval; recommendations were approved by the Minister and accepted by the dti.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION				
Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Reporting on landscape of provincial DFIs and compilation of coordinated development finance policy framework for all DFIs	Complete report on review of provincial DFIs	<ul style="list-style-type: none"> A desktop review report on provincial DFIs approved Finalised terms of reference for the proposed review of provincial DFIs report.
	Updating and review of treasury management policies of SOCs, DFIs and Water Boards		<ul style="list-style-type: none"> Annually review and update guideline statements on treasury best practice Annually report on adherence to guidelines 	<ul style="list-style-type: none"> Reviewed Land Bank's investment, borrowing and financial risk policies in light of treasury best practice Treasury policies for SAX finalised.
	Monitoring of guarantees provided to SOCs		Report quarterly on guarantees provided to Eskom, South African Broadcasting Corporation (SABC), Denel, South African Airways (SAA), South African Express Airways (SAX), South African National Roads Agency Limited (SANRAL) and Autopax	<ul style="list-style-type: none"> Monitoring meetings held with Eskom, SAA, SAX, Denel, Autopax, SABC; and quarterly reports compiled and submitted to the Fiscal Liability Committee (FLC). SABC has repaid guaranteed debt; monthly monitoring meetings have therefore ceased. Cabinet memo on guarantees compiled.
			Provide an annual report to Cabinet on status of government's contingent liabilities	

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
		Influencing legislation, policy, regulations and sector and SOC strategies, drawing on industry and sector research	Analyse and compile submissions on amendments to legislation, policies, regulations and strategies related to SOCs (focusing on broadband, electricity, rail, aviation, water and defence sectors)	<ul style="list-style-type: none"> Provided comments on the National Broadband Policy and Broadband Strategy, ICT Policy Green Paper, Integrated Energy Plan, Natmap, Green Paper on Rail, Rail Policy, Draft Bill for the Single Transport Economic Regulator, National Water Resources Strategy, Raw Water Pricing Strategy, Water Policy Positions, Water Sector Institutional Realignment, Post Office Amendment Bill, Electronic Communications Amendment Bill (ECA), Independent Communications Authority of South Africa (ICASA) Amendment Bill. Economic regulator for the water sector. Represented National Treasury in the Parliamentary Portfolio Committee on Communications discussion on the PostBank and Post Office Bills Compiled submissions relating to SAA, Transnet, SABC, Telkom, Vodacom, carbon tax, Negotiated Pricing Agreements (NPAs), Project Inga, Pebble Bed Modular Reactor (PBMR), nuclear owner-operator and procurement strategy studies, and Brazil, Russia, India, China, and South Africa (BRICS) Undertook a market sounding to identify the obstacles to increasing private investment in infrastructure.
Government Debt Management	Optimal debt management and funding of government borrowing requirement	Annual total government borrowing needs met	Gross issuance of R215.5 billion	Revised gross borrowing requirement of R208 billion and an increase of cash balances of R5.6 billion met through short-term loans (R23 billion), domestic long-term loans (R171 billion) and foreign loans (R19.6 billion).
		Active debt management	Switch R11.9 billion	R10.6 billion was switched out under the switch auction programme from the R201 bond maturing on 21 December 2014.
		Ensure timely and accurate payment of interest and redemptions	<ul style="list-style-type: none"> Pay R137.2 billion Figures include Treasury Bills (TBs) 	R101.2 billion paid in debt-service costs compared to a revised budget of R100.5 billion for 2013/14. The higher debt-service costs of R700 million was mainly due to a weaker currency and higher short-term rates. In addition, domestic and foreign loans of R40.8 billion were repaid.
		Diversification of funding instruments	Issue 77% in fixed rate debt and 23% in Inflation-Linked Bonds (ILBs)	Issuance in 2013/14 consisted of 78 per cent fixed-rate bonds and 22 per cent inflation-linked bonds.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Financial Operations	Ensure sound management of government's cash resources	Retain current investors and attract new ones	Conduct two domestic and two foreign road shows	Conducted two domestic and two international roadshows to update investors.
		Government's liquidity requirements met every time	Forecasting of daily and medium-term cash flows totalling R3.4 trillion	Managed cash flows amounting to R4.7 trillion.
		Investment of surplus cash at market-related returns	<ul style="list-style-type: none"> Quarterly analysis and review of investment returns Ongoing adherence to investment benchmarks. 	Quarterly analysis performed to review investment rate for tax and loan accounts. SABOR investment rates for tax and loan accounts were on average 2 basis points higher than the average rate paid by the banks. Agreed with the tax and loan participating banks to continue using the SABOR as investment rate for 2014.
		Optimal use of public-sector cash	Sufficient pool of public-sector surplus cash accessible for bridging finance by national and provincial governments at lower rates than commercial banks	Public sector Corporation for Public Deposits (CPD) portfolio increased by 25 accounts in 2013/14. On average, a total of R42.2 billion of public sector cash was accessible for bridging finance by the national and provincial governments ; the highest balance was R58 billion. National government borrowed R23 billion on average (maximum borrowed was R41.1 billion) with no borrowing from the provinces.
		Timely and accurate reporting on national government debt operations	<ul style="list-style-type: none"> Compile annual financial information as required by PFMA by 31 May Monthly dissemination of information to the public, financial markets and international institutions 	In line with PFMA reporting requirements, financial information was provided for the National Treasury's financial statements, and consolidated financial information of the national government, the National Revenue Fund, state debt and investment accounts. Reporting requirements for the special data dissemination standards of the IMF were met. Market information was disseminated on a timely basis.
		Maintenance and development of debt and debt-services cost forecasting model	Test and implement Horizon, the Commonwealth's Secretariat's public debt analytical tool	While testing Horizon, various system problems were experienced. These were reported to the Commonwealth Secretariat and resolved. In-house models were used to forecast debt and debt-service cost for the 2014 Budget.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
		Reliable, automated and integrated systems to be implemented	Implement retail bonds module (migrate and archive domestic debt data off mainframe)	<ul style="list-style-type: none"> Retail debt module on track for full implementation, with parallel run commencing on 2 June 2014. Core development complete. All domestic debt data has been migrated off the mainframe. Retail debt data migrated to the new application. Foreign SWIFT payment integration complete and live. Business specifications for money market under review and design has commenced for development and implementation by end of 2014/2015.
			Prepare specifications for Programme 4's ICT solution requirements (related to Programme 1 objective: Business aligned technologies and solutions deployed)	Business case for Asset and Liability Management (ALM) division's proposed data warehouse solution has been completed.
			Contribute to and align with consolidated departmental ICT governance framework (related to Programme 1 strategic objective: Effective ICT governance)	<ul style="list-style-type: none"> National Treasury's ICT Steering Committee (of which Systems Integration is a member) signed off on critical policies, procedures and standards at start of current financial year. First draft of the Business Continuity proposal completed by the newly formed task team including ALM, Enterprise Risk Management, NT ICT, NT Audit and NT Security. First disaster recovery site established at 40 Church Street for critical users of ALM systems. A user account management guide and procedure for ALM systems approved. Audits of critical infrastructure and release management processes completed, and mitigation measures implemented.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Strategy and Risk Management	Minimise and mitigate risks emanating from government's fiscal obligations	<ul style="list-style-type: none"> Performance against benchmarks: <ul style="list-style-type: none"> Non-fixed rate versus fixed rate debt Foreign debt versus domestic debt Address refinancing risk in government's debt portfolio 	<ul style="list-style-type: none"> Implement, monitor and review strategic benchmarks of 70/30 fixed versus non-fixed rate domestic debt and 20% maximum foreign debt exposure as a percentage of total debt Review performance against benchmarks (including cost-at-risk) quarterly and annually 	<ul style="list-style-type: none"> In the first week of every month and quarter, monthly and quarterly Funding Assessment summary reports were completed. As at 31 March 2014, the long-term funding split comprised 76% in fixed rate bonds and 24% in inflation-linked bonds against risk guidelines of 77% fixed rate and 23% inflation-linked bonds. The quarterly reports also included overall funding covering Treasury bills. These reports served as monitoring tools of the performance of the funding strategy against annual risk guidelines. The quarterly risk profiles which assessed the impact of funding, macro and market risk variables on the debt portfolio were also carried out. As at 31 March 2014, the debt portfolio comprised 64.38 per cent in fixed rate debt (63.72% benchmark fixed rate bonds, 0.66% in retail bonds) and 35.62 per cent in non-fixed rate debt (20.67% in inflation linked bonds, 14.88% in Treasury bills, 0.06% in zero coupon bonds). The ratio of foreign debt comprised 9.06 per cent of total government debt. <ul style="list-style-type: none"> » The share of debt maturing within a year was 14.34% (not to exceed 15%) » The share of debt maturing in 5 years was 15.27% (not to exceed 25%) » The share of inflation-linked debt was 21.25% (to be within 20-25% risk benchmark) » The share of foreign debt was 9.09 % (not to exceed 15%) » The average term to maturity (ATM) of fixed rate bonds and Treasury bills was 9.94 years, against the risk benchmark of 10-14 years » The average term to maturity of inflation-linked debt was 14.83 years against the risk benchmark of 14-17 years.

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Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Setting of and adherence to surplus cash benchmark investment ratios and total limits per counterparty	<ul style="list-style-type: none"> Produce semi-annual reports on exposure of government to counterparties, and review of investment ratios and limits per counterparty Produce quarterly reports on adherence to ratios and limits 	<ul style="list-style-type: none"> Analysis of banks' interim and annual reports performed to determine government's exposure to counterparty risk. Monitored the financial position of banks and adherence to credit risk guidelines for the investment of surplus cash. For the financial year, the surplus cash has been invested in line with the credit risk guidelines. The largest exposure was R70.3 billion, as at 31 December 2013. Analysis of primary dealers' annual/interim reports performed to determine government exposure to settlement risk. Settlement risk exposure from auction activities classified between moderate low and moderate risk.
		Management of sovereign risk rating process by: <ul style="list-style-type: none"> Analysing quantitative and qualitative sovereign risk indicators Ensuring effective and proactive coordination of the sovereign credit rating review processes 	<ul style="list-style-type: none"> Produce annual reports on settlement risk exposure to primary dealers Produce monthly sovereign risk highlights reports and CDS credit risk modelling and evaluation reports Produce semi-annual forward looking sovereign risk analysis and rating reports Ensure effective implementation of sovereign credit rating enhancement strategy. Continuously improve stakeholder relations. Timely communication of sovereign rating developments, and engagement with key stakeholders on rating weaknesses and strengths 	<ul style="list-style-type: none"> Performed research on key economic, financial, socio-economic and political factors that weigh on the sovereign rating; and subsequently compiled and published the sovereign risk highlights reports and CDS credit risk modelling and evaluation reports. Produced two semi-annual reports, comparing SA to the median of similarly rated countries in terms of the level of performance on key indicators. Ensured effective implementation of the rating enhancement strategy and improved stakeholders relations: <ul style="list-style-type: none"> Continuously communicated rating weaknesses to key stakeholders within and outside government for the purpose of enhancing collaboration on addressing such weaknesses Established frequent engagements with the credit rating agencies during and after the sovereign credit rating review visits.

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Measurable objective: Manage government's annual funding programme to ensure prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Capping total government debt, provisions plus contingent liabilities at sustainable levels and improving quality of exposure	<ul style="list-style-type: none"> Coordinate and manage sovereign credit rating review processes (Standard & Poor's, Fitch Ratings, Moody's Investors Service and Information Rating Agency) and the MTBPS in October, ensured that the visits took place immediately after these key policies were tabled. Subsequently, SA's sovereign ratings were affirmed by all major rating agencies in 2013/14. Constant revision of the rating enhancement strategy Produce quarterly report to FLC on performance against benchmark of net government debt, provisions and contingent liabilities as a percentage of GDP Produce annual report on quality of government's contingent liability exposure Produce quarterly report on exposure to PPP projects and possible impact on fiscus 	<ul style="list-style-type: none"> Effectively managed the sovereign credit rating review processes of Standard & Poor's, Fitch Ratings, Moody's Investors Service and Rating & Information Rating Agency. The timing of the sovereign credit rating reviews, aligned to the main Budget in February and the MTBPS in October, ensured that the visits took place immediately after these key policies were tabled. Subsequently, SA's sovereign ratings were affirmed by all major rating agencies in 2013/14. Net debt, provisions plus contingent liabilities as a percentage of GDP increased from 47.9% as at 31 March 2012 to 51.6% as at 31 March 2013. This is projected to reach 54.8% by 31 March 2014 and is expected to peak at 57.10% by 2015/16 before declining to 55.5% by 2017/18. The credit risk analysis of the SOCs completed. As at 31 December 2013, the total issued guarantees to SOCs amounted to R466.2 billion. The exposure amount increased by R25 billion to R205.2 billion as Eskom increased its drawdowns by R18 billion while SANRAL drew an additional R7 billion. Finalised quarterly reports on government's contingent liability exposure from PPPs. As at 30 September 2013, the maximum likelihood estimate (MLE) exposure from PPPs was R17.2 billion. Of this amount, R6.2 billion is outstanding debt on the projects while R11 billion represents the largest amount to be paid by government in the case of termination.

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PROGRAMME 5 FINANCIAL ACCOUNTING AND REPORTING



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PROGRAMME 5

FINANCIAL ACCOUNTING AND REPORTING

Purpose: To promote and enforce transparency and effective management of revenue, expenditure, assets and liabilities by departments, public entities, constitutional institutions and local government.

Measurable objectives: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management of revenue, expenditure, assets and liabilities in the public sector.

The programme consists of the following sub-programmes:

- *Programme Management* provides support for planning, monitoring and delivering the programme's activities.
- *Office of the Chief Procurement Officer* aims 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. This subprogramme absorbed the Supply Chain Policy subprogramme in 2013/14.
- *Financial Systems* updates financial management systems to comply with the Public Finance Management Act (1999) and GRAP.
- *Financial Reporting for National Accounts* for the National Revenue Fund and the Reconstruction and Development Fund provide banking services for national government and support to each sphere of government in implementing the financial reporting frameworks and in preparing consolidated financial statements.
- *Financial Management Policy and Compliance Improvement* assists with improving financial management; developing reporting frameworks in line with international and local best practice; developing and implementing accounting policies; monitoring compliance with public finance legislation; and improving financial management, internal audit and risk management capacity within government. It also provides performance auditing and forensic auditing capacity to the public sector.
- *Audit Statutory Bodies* covers shortfalls in audit fees in statutory bodies and municipalities in terms of the Auditor General Act (1995).

- *Service Charges: Commercial Banks* provides for bank service charges related to departments' deposit accounts.

The programme contributes towards the aims of Outcome 12 (An efficient, effective and development-oriented public service), Output 3 (Business processes, systems, decision rights and accountability), Output 4 (Corruption tackled effectively), Outcome 9 (A responsive, accountable, effective and efficient local government system), and Output 6 (Improvement to municipal financial and administrative capability).

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

The programme is organised into two divisions: the Office of the Chief Procurement Officer and the Office of the Accountant-General.

Office of the Accountant-General

Technical Support Services: During the reporting year, the unit finalised the development of accounting manuals supporting the application of the Modified Cash Standard by national and provincial departments. Significant time was given to ensuring that affected parties understand the requirements of the Standard by responding to queries, and by publishing answers to frequently asked questions and training slides. The unit also updated the existing implementation guidelines on the Standards of GRAP and participated in discussion about, and responded to queries on, the application of the Standards. Another important initiative was the development of Standard Operating Procedures (SOPs) on financial management. These outline departmental policies and processes to improve accountability, efficiency and effective administration within the institution. The SOPs will be rolled out in conjunction with the new Treasury Regulations.

Accounting Support and Reporting: During the 2013/14 financial year, the unit prepared and tabled the consolidated annual financial statements for national departments and

PROGRAMME 5

FINANCIAL ACCOUNTING AND REPORTING

public entities. It also prepared and tabled the annual financial statements of the Reconstruction and Development Programme Fund. These financial statements were prepared and tabled in Parliament within the timeframes required by the PFMA. The unit also monitored and reported on information on national revenue and expenditure through reports published monthly in terms of Section 32 of the PFMA. Training and accounting support interventions assisted all spheres of government to improve financial management.

Internal Audit Support: During the year under review, the unit completed 18 reviews of the internal audit functions of national and provincial departments and municipalities to assess their state of readiness to submit themselves to independent external quality assessments, as required by the International Standards for the Professional Practice of Internal Audit. To assist with the transfer of skills, a third of these reviews were performed in partnership with the respective provincial treasuries. Support plans were put in place with 11 institutions, with National Treasury agreeing to provide a range of services to enhance the effectiveness of their internal audit units and audit committees. The focus on facilitating knowledge-sharing continued in this reporting period through hosting the national internal audit forums for departments and non-delegated municipalities, and participating in the provincial forums for provincial departments and delegated municipalities. The unit hosted internal audit study tours by representatives of the governments of Bangladesh and Indonesia.

Risk Management Support: During this reporting period, the unit continued to support government institutions to improve risk management, including by seconding staff to supplement technical expertise in this area. As in previous years, the unit aggressively drove training and skills development. An additional 306 officials across government completed a risk management course made accessible via an e-learning platform. Over 700 officials attended generic training programmes and risk management forums arranged by the National Treasury, while 62 board members, municipal councillors and members of risk management committees attended training programmes specifically developed for their needs. The unit hosted a risk management study tour by representatives of the government of Zambia.

Capacity Building: During the period under review, the unit advanced the implementation of the PFM capacity development strategy (CDS) and a number of education, training and development (ETD) solutions were developed. These included a PFM ETD model, a CFO skills programme, a Cash Flow Management course and four unit standard based SCM courses. A PFM Stakeholder Management, Marketing and Communications Strategy Framework, envisaged to enable more effective collaboration between key PFM capacity building stakeholders, was finalised during the year. A risk management master learning curriculum, skills programme, competency dictionary and standardised job descriptions were also developed, an important milestone on the path to effective public sector financial management. By March 2014, 4100 learners were registered for attaining the minimum competencies for municipalities. The unit facilitated knowledge sharing on financial management practices through formal platforms, and 862 learners were trained.

The unit continued to support the development of a pool of accounting professionals through the Chartered Accountants Academy (CAA), by referring two qualifying candidates to existing institutions. It also assisted with mobilizing, coordinating and harmonising donor support for public finance management capacity building. This resulted in four Donor Coordination Forum meetings with key international donor agencies as well as the initiation of a number of donor-funded PFM capacity building projects. Through donor funding, the unit also provided hands-on technical assistance to the Office of the Chief Procurement Officer and to the provincial treasuries of the North West, Western Cape and KwaZulu-Natal provinces.

Governance Monitoring and Compliance: The unit is the custodian of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) and regularly reviews the Treasury Regulations and Treasury Instructions to ensure that they are aligned with local and international financial management and governance best practice. The unit continues to analyse the audit outcomes of national and provincial PFMA compliant institutions. The results are communicated annually to Cabinet for consideration and further direction on important matters to be addressed. These may include requiring accounting officers and accounting

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FINANCIAL ACCOUNTING AND REPORTING

authorities to develop corrective plans to improve the audit outcomes of their institutions and to act on the Auditor-General's recommendations in management letters.

During the year under review, the unit coordinated the development of new questions to assess the financial health of departments, constitutional institutions and public entities listed in Schedule 3A and 3C of the PFMA, using the Financial Management Capability Maturity Model (FMCMM). The unit also coordinated a major review of the Treasury Regulations to ensure their alignment with the King III Report on Corporate Governance in South Africa, 2009 and with financial management best practice. The extensive consultation process meant that its finalisation was delayed and the revised Treasury Regulations will be published during 2014/2015. The unit also continued to support institutions by contributing towards the development of circulars, guidelines and Treasury Instructions about PFMA-related concepts. Information sessions on PFMA related matters were also held with internal and external stakeholders.

The unit receives monthly information from departments about the timeous payment of their invoices. This information is analysed, and bi-monthly reports are submitted to the Forum of South African Directors-General (FOSAD) on the status of departments' compliance with the legal requirement to make payments within thirty days of receipt of an invoice.

MFMA Implementation: The unit coordinates the implementation of the MFMA in all municipalities and related entities. It also develops policies, regulations, guides and circulars to strengthen implementation; assists in monitoring compliance; provides reports; and supports municipalities in improving their financial management policies, procedures and practices. The unit administers the MFMA helpdesk which responds to municipalities' enquiries about the MFMA; and attends regional CFO Forums to explain MFMA prescripts and guides. The unit has finalised the development of a system of delegations to improve financial management performance and accountability, as well as the financial management capability maturity model for municipalities. This will be coupled with the 32 financial management indicators to provide information on the financial status of municipalities. The intention is to roll out

the tool in the 2014 financial year; this will provide a basis for measuring 10 years of implementation of the MFMA and the results will be used to direct specific support and other intervention measures.

The unit also administers and manages the financial management grant programme and the technical advisory support offered to selected municipalities. This is reported on in more detail in Programme 8. The Municipal Finance Recovery Service will continue to monitor municipalities' performance and to respond to their requests for assistance in developing financial recovery plans.

The unit supported municipalities' implementation of the MFMA through, among other means, quarterly meetings with officials of national and provincial departments, SALGA and the Office of the Auditor-General. These meetings are also intended to improve the coordination of financial management reforms in municipalities. MFMA circulars have been issued to assist with implementing steps to address unauthorised, irregular, fruitless and wasteful expenditure, supply chain management processes, and uniform norms and standards on financial management. Regulations dealing with the enforcement of the MFMA, focusing on financial misconduct, were developed in 2013 and concluded in 2014 for effective implementation on 1 July 2014. The first phase of technical support ended in March 2014. Eight provinces and 91 predominantly small, medium and rural municipalities received support on financial management implementation.

Specialised Audit Services: During the period under review, the unit completed 22 forensic investigations and performance audits in 10 departments and public entities. The unit also identified breakdowns in the systems of internal control in four departments, for resolution by the relevant authorities. Members of the unit serve on certain Ministerial task teams to support the resolution of major control deficiencies in public procurement processes. Forensic investigation reports by the unit resulted in the National Prosecuting Authority's Asset Forfeiture unit issuing restraint orders on approximately R1 billion of assets possessed by implicated parties in incidents of fraud and corruption. Certain senior government officials were also suspended as a result of these activities.

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In the Limpopo Section 100 (b) intervention, the unit's forensic reports have resulted in 13 criminal cases being brought to trial, with 34 accused. Thirteen cases of fraud still under review for criminal proceedings; with 45 officials facing charges across all 4 departments under intervention, and two heads of department suspended.

The unit provided members of the Northern Cape Anti-Corruption Task Team with training on the PFMA and MFMA legislation, as reference in criminal proceedings in cases of public procurement fraud.

Financial Systems: The transversal systems (BAS, LOGIS, PERSAL and VULINDLELA) were available for over 99 per cent of the time; this exceeded the targeted 98 per cent availability.

In 2012/2013, the OAG initiated and completed the turnaround strategy on the Integrated Financial Management System (IFMS) solution architecture. This resulted in a Cabinet Resolution in November 2013 which supported the procurement of a widely used and well-supported commercial software product from a single vendor. A Request for Proposal was published for this purpose in March 2014. Additional initiatives in relation to the IFMS included the establishment of a Programme Management Office (PMO) to strengthen the governance and execution of the project over the next five years.

Office of the Chief Procurement Officer

During the 2013/14 financial year, the division achieved the following objectives per sub-programme:

Supply Chain Policy, Norms and Standards: The Chief Directorate: Supply Chain Policy was merged with the Chief Directorate: Norms and Standards to become Supply Chain Policy, Norms and Standards (SCP, N&S). Its objective is to implement the revised Preferential Procurement Policy Framework Act (PPPPFA). The Act and its regulations are being reviewed in order to achieve further SCM efficiencies and thus the developmental objectives of government. A legal review of the procurement environment has been completed; this will inform the mandate of the OCPO and will be a key input

to conceptualising more effective transactions between government and the private sector.

During the period under review, work commenced on a White Paper governing public sector procurement. This will be circulated for discussion, and implemented, over the medium term. Instructions were issued in respect of three sectors that have been designated for local production and content. The draft revised regulatory framework for SCM has been completed and is awaiting promulgation.

Numerous applications for condoning irregular expenditure were processed; this led to the development of a policy document to govern such decisions.

SCM Client Support: The unit is responsible for managing research, development and implementation of interventions that contribute to improved SCM capacity, capability and performance in all three spheres of government, through institutional, organisational, individual and stakeholder development.

The Chief Directorate commenced the development of a SCM Job Specification Framework, SCM Human Capital Development Framework, and SCM Education, Training and Development (ETD) Delivery Framework. Course material was developed for the public sector specific unit standards within the Certificate in SCM, a unit standard based learnership programme registered at Level 5 on the National Qualifications Framework. The Integrated Learning Matrix for SCM ETD programmes was drafted.

Procurement processes were initiated for the delivery of the following ETD programmes: Bid Rigging, Preferential Procurement, Strategic Sourcing, SCM Certificate Learnership, and the Corporate Award Programme. Stakeholder relations were initiated and strengthened with government institutions, private institutions, educational institutions, professional bodies and the donor community.

Contract Management: Twenty transversal term contracts were due for renewal during the review period. Eighteen were awarded, and two expired contracts were extended and scheduled for renewal in the first and second quarters of 2014/15.

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SCM Governance, Monitoring and Compliance: The section is responsible for managing the SCM governance framework in all three spheres of government including its design, development and implementation; monitoring and evaluation of compliance.

A combination of pro-active and reactive measures are used in analysing and assessing SCM non-compliance, including established SCM measures and prescribed parameters, and the development and implementation of, and reporting on, corrective actions for procurement plans and bid processes.

The section facilitates and reports on malpractice interventions including cancellation of bid processes, initiation of disciplinary actions, laying of criminal charges, claiming of damages and restriction of suppliers.

Strategic Procurement: The unit implemented Procurement Transformation Initiative pilots at the national Department of Public Works where good progress was made in analysing the current state of 40 lease contracts in the Johannesburg and Pretoria areas as well as in the development of a SCM capability model. Other initiatives were piloted in Limpopo's Departments of Health and Education and of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA). The projects are at various stages of implementation. At COGHSTA, the project is focussing on rural housing and implementing agents; at the Department of Health on procurement of medical equipment and linen; and at the Department of Education on scholar transport. A draft price referencing model has been completed and is currently being reviewed for implementation.

Variances between planned and actual performance in this programme are listed below:

- Integrated Financial Management System (IFMS).
This target has been affected by the revised approach to the IFMS project, which was endorsed by Cabinet during November 2013. The plan for successfully undertaking the revised approach will be completed during the 2014/15 year and the performance targets revised accordingly.
- Revision of strategic sourcing course materials have been delayed as a result of financial resources for this purpose

not having been made available within the envisaged timeframes. The matter will be rectified within the first quarter of the 2014/15 year.

- Assessment of the number of departments with approved preferential procurement plans, and the issuance of instruction notes for five sectors in terms of preferential procurement regulations were delayed during the year under review, as a result of a delay in the appointment of legal expertise for this purpose. This target will be reviewed and adjusted as necessary during the year ahead.
- A central supplier database for government was not completed as envisaged during the year under review, as a result of insufficient human resources being available in this recently appointed team. The output is scheduled for completion during the 2014/15 financial year.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Supply Chain Management (SCM) Policy	<ul style="list-style-type: none"> Modernise state procurement by leveraging information technology Maintain corporate reference data 	<ul style="list-style-type: none"> Fully specified SCM user requirement statement (URS) to support systems functionality and requirements Enhanced URS to support new system development requirements (e.g. services procurement module) Procurement catalogue developed 	<ul style="list-style-type: none"> Maintain and enhance SCM URS on ongoing basis Implement services procurement module per revised roll-out plan Annual review of catalogue and populate new items where required 	This target has been affected by the revised approach to the IFMS project, which was endorsed by Cabinet during November 2013. It will be revised accordingly.
	Develop competence of procurement officials through provision of education, training and development solutions	Strategic sourcing course material revised	Revise strategic sourcing course materials	
The contracting process to deliver the Strategic Sourcing training programme was delayed by the Financial Management Improvement Programme (FMIP III) budget approval process. The Terms of Reference were issued and bids evaluated during February 2014; however, none of the bids complied with the administrative requirement and therefore did not qualify. The bidding process was initiated again, including a tender briefing on 25 February 2014. The bids were evaluated on 31 March 2014 and the process of awarding the contract to the successful bidder is in progress.				

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
		National Qualifications Framework 5 certificate in SCM developed and delivered	Develop National Qualifications Framework 5 certificate in SCM	The course materials for the elective unit standards have been reviewed and subjected to TETA quality assurance processes. TETA is currently in the process of registering accredited service providers. The due diligence by the Department of Higher Education and Training (DHET) has been performed. Confirmation from the National Student Financial Aid Scheme for funding the certificate's delivery is awaited.
		Capacity development strategy and plan	Develop capacity development strategy and plan for SCM officials (including training plan)	The Public Financial Management Capacity Development Strategy was approved by the Minister on 10 March 2014. The SCM capacity development strategy is represented by the draft SCM development and delivery strategy and plan and the draft human capital development strategy and plan.
		National SCM forum	Coordinate national SCM forum biannually	The Office of the Chief Procurement Officer (OCPO) has established three SCM Improvement Forums, one for each sphere of government. The Provincial Treasury SCM Improvement Forum met on 28 January 2014. The meeting agreed on the adoption of the draft ToR with some minor amendments. The Municipal SCM Improvement Forum met on 13 March 2014. The meeting agreed that the ToR can be accepted as a draft, subject to further review. The National SCM Improvement Forum was scheduled to meet on 1 April 2014.
	Alignment of preferential procurement with aims of Broad-Based Black Economic Empowerment Act and its related strategy	Percentage of procurement spend on suitably qualified black economic empowerment service providers	Determine national percentage spend on suitably qualified black economic empowerment service providers	The OCPO is in the process of reviewing the reporting framework to measure the extent to which supply chain management contributes to black economic empowerment.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
	All departments have approved preferential procurement policies	Approved preferential procurement policies	<ul style="list-style-type: none"> Assess number of departments with developed and approved preferential procurement policies in place Issue instruction notes for five sectors designated in terms of preferential procurement regulations 	<p>A process to review the <i>Preferential Procurement Policy Framework Act (PPPFA)</i> is underway. This review will inform how departments address preference in their procurement policies.</p> <p>One instruction note was issued for the designated sectors.</p>
	Enhance state procurement system, including architecture, policy and regulations, to be aligned with and responsive to government policy	<ul style="list-style-type: none"> SCM system developed (framework, policies, standard operating procedures) Central supplier database implemented Revised statutory framework promulgated 	<ul style="list-style-type: none"> Develop good-practice SCM standard operating procedures Develop central supplier database Promulgate revised SCM framework 	<ul style="list-style-type: none"> Standard Bidding Documents and the Guide to Accounting Officers are being revised and will be issued after promulgation of the Treasury Regulations. Due to a vacancy in the Chief-Directorate: ICT and Data Management, the creation of the database was not completed; the output has been moved to the 2014/15 performance year. However, preparatory work for a single central supplier database has been completed. The Draft Treasury Regulations for SCM have been completed and are ready for promulgation. In addition, a legal review of the SCM environment has been completed. This review will inform future legislation, regulations and guidelines for SCM.
	Monitor SCM performance	Government departments' compliance with SCM processes improved	Assess 39 national departments annually	Monitoring was done at all levels of government. 46 bids were reviewed (10 from public entities, 12 from municipalities, 8 from provincial departments and 16 from national departments). This review showed weaknesses in demand management, development of specifications, evaluation and adjudication, contracting, and monitoring the performance of suppliers.
		Capability maturity results	Analyse and report on capability maturity results for SCM	Capability maturity results were assessed for national and provincial departments. The results show that currently the maturity of these departments is below 3.
		SCM performance	Develop good-practice SCM performance improvement plan	A capacity building framework has been developed that informs performance improvement interventions.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
	Pilot modernisation of procurement system in departments and provinces	Establish well-functioning procurement system in government	Implement pilots in national Department of Public Works (DPW), Eastern Cape Departments of Health (DoH) and Public Works, and Limpopo Departments of Health and Public Works	Procurement Transformation Initiative (PTI) projects are at various stages in the different pilot areas. DPW (National): 1. Leasing pilot on top 40 contracts in Johannesburg and Pretoria. All required documentation received and currently being analysed. 2. Good progress made on the development of the SCM capability model. Procurement process model in final stages of completion. 3. Long term accommodation strategy commenced in March 2014. Appointment of human resources through Gesellschaft für Internationale Zusammenarbeit (GIZ) to be finalised. COGHSTA (Limpopo): 1. Housing contracts involving first two contracts for 2014: a. Rural housing b. Implementing agents 2. Bids advertised; closed on the 26 and 27 March 2014: a. Bid Evaluation Committee (BEC) concluded administrative compliance evaluation of: i. 487 bids for rural housing ii. 120 bids for implementing agent b. BEC commenced on the technical evaluation of both of the above bids DoH (Limpopo): 1. Medical equipment: a. Implementation team convened b. Item lead expert appointed c. Items reviewed and confirmed for piloting d. Budget for the implementation plan confirmed 2. Linen: budget confirmed for starting the item stabilisation process DoE (Limpopo): 1. Scholar transport: a. Bid process documentation and plan completed. Awaiting approval of bid advertising by Head of Department

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Financial Systems	Ensure value for money in procurement of common goods and services	System of price referencing established	Develop system of price referencing	Draft Price Referencing Model completed and currently being reviewed. Project team established. Engaged provinces and departments that have already initiated similar projects.
	Facilitation and management of transversal term contracts	Transversal contracts renewed on due dates	20 transversal term contracts due for renewal during 2013/14	18 transversal term contracts were renewed and finalised in the year under review. The delays to the finalization of the other two contracts were due to the delayed specifications from user departments. These contracts will be finalized in the first quarter of 2014/15.
		Contracts under management	Increase rand value of contracts under management by 20%	
	Maintenance of current transversal systems: BAS, financial management system (FMS), Logis, Persal and Vulindlela	Availability of systems during working hours	Provide 98% availability	The systems availability was greater than 99% during the year.
	Develop outstanding integrated financial management system (IFMS) modules and roll out integrated solutions to national and provincial departments	<ul style="list-style-type: none"> Configure and customise human resource module (HRM) and procurement management module (PMM) solutions in lead sites Develop inventory management module (IMM) Develop specifications for IMM, Payroll, FinCore, master data management (MDM) and business intelligence (BI) solution 	<ul style="list-style-type: none"> Roll out to rest of national and provincial government Complete development of IMM, financial management module and payroll module 	<ul style="list-style-type: none"> A revised approach to IFMS implementation was presented to Cabinet, which has subsequently endorsed it. A Request for Proposals (RFP) has been prepared for the acquisition of a single Commercial-off-the-shelf Enterprise Resource Planning (COTS ERP) system; this was published by the <i>State Information Technology Agency (SITA)</i> in March 2014. Reviews of existing contractual arrangements have been concluded, and discussions have commenced with related parties in order to bring existing IFMS development and implementation to a close.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Financial Management Policy and Compliance Improvement	Enforce compliance with public-sector financial management legislation in each sphere of government	Roll out IFMS to government departments	<ul style="list-style-type: none"> Continue to implement PMM, HRM, asset management and BI modules in national and provincial departments¹ 	A report on progress on the improvement of financial management in the public sector and National Treasury's initiatives to assist departments was submitted to the Office of the Director-General on 29 November 2013.
			<ul style="list-style-type: none"> Continue to implement IMM in national and provincial departments¹ Implement financial management module in national and provincial departments 	
		Monitoring improvement of financial management in national and provincial institutions and submission of progress reports to parliamentary oversight committees	30 September each year	
		Fraud and corruption investigations	Eight departments/projects per year	Completed 22 projects.
		Performance audits, promotion of economic procurement of goods and services, and effective and efficient use of state resources	Four targeted departments/projects per year	Completed 10 projects.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Implementation of multi-agency working group recommendations and support of anti-corruption task team (ACTT) targets	Refer 20 cases for criminal proceedings	<p>Referred the following cases to the ACTT:</p> <p>1. Limpopo Section 100 Intervention</p> <ul style="list-style-type: none"> • 26 cases were referred to the ACTT; 13 are in trial with 34 accused, and 13 are still in progress. • 22 forensic reports were forwarded to DPSA to facilitate disciplinary proceedings, 2 heads of departments were suspended and 45 officials were charged across all 4 departments under review. <p>2. Other cases</p> <ul style="list-style-type: none"> • North West Department of Health: Hospital Revitalisation Programme • Department of Correctional Services: Fencing Project • Northern Cape Provincial Departments: Trifecta lease contracts • National Treasury: Municipal Finance Improvement Programme • Karoo Hoogland Local Municipality • Restricted two service providers from doing business with the State in terms of the Public Private Partnership Fund (PPP) Act • Facilitated a meeting between the Head of the National Prosecuting Authority-Asset Forfeiture Unit (NPA-AFU) and the Chief Procurement Officer (CPO) <p>3. Training of ACTT members</p> <ul style="list-style-type: none"> • Trained the Northern Cape Directorate of Priority Crime Investigation/South African Police Service (DPCI/SAPS) members and National Prosecuting Authority (NPA) prosecutors on the PFMA and MFMA prosecution approach.
		Internal control breakdown reviews in financial systems for procurement processes and transversal systems	Four cases per year	Completed internal control reviews in four projects.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Financial Management Policy and Compliance Improvement	Support public-sector institutions to execute financial management functions effectively, efficiently, economically and transparently	Framework for annual financial statement reporting by national and provincial departments	Publish reporting framework by 31 March	<ul style="list-style-type: none"> Published accounting manual in support of the modified cash standard along with the updated standard Prepared and published training slides for departments on the modified cash standard and accounting manuals Updated annual reporting guide and specimen for departments and public entities Published final template and specimen for national and provincial departments to be used for year-end and fourth quarter reporting purposes Published guide on the completion of the Annual Financial Statements (AFS) departmental template.
		Guidelines on generally recognised accounting practice (GRAP) standards	<ul style="list-style-type: none"> Develop new guides by 31 March Maintain and enhance existing guidelines 	<ul style="list-style-type: none"> Prepared guidance on the reporting framework to be applied by public entities for the 2013/014 financial year Updated GRAP 100 and GRAP 105 guidance to bring it in line with the annual improvements project of the Accounting Standards Board (ASB).
		Policies, frameworks and practices in line with approved reporting frameworks	<ul style="list-style-type: none"> Develop new policies, frameworks and practices by 31 March Maintain and enhance existing and new policies, frameworks and practices 	<ul style="list-style-type: none"> Final drafts on financial management standard operating procedures developed Updated immovable asset management guide for application by affected entities Conducted further assessments on the status of asset management in national departments.
		Guidelines to strengthen monitoring and oversight responsibilities of parliamentarians	Maintain and enhance guidelines	A guide for parliamentary oversight of public finances will be published after the final publication of the revised Treasury Regulations.
		Fraud and corruption prevention frameworks	<ul style="list-style-type: none"> Approve fraud and corruption prevention framework by 31 March 2014 	The Fraud and Corruption Framework had not been completed by year end. Interventions were put in place to ensure this is completed early in the 2014/15 financial year.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
			<ul style="list-style-type: none"> Promote awareness of criminal charges based on Public Finance Management Act (PFMA) and Treasury regulations and civil recovery Empower law enforcement agencies in investigation and prosecution of public procurement fraud corruption 	
	Improved coordination of MFMA implementation across government	Convene and attend meetings and workshops of stakeholders to address implementation challenges	Four quarterly MFMA meetings held, aligned with the MFMA calendar. Participants included officials from National Treasury, national Department of Cooperative Governance (DCoG), provincial DCoG, provincial treasuries, SALGA and Office of the Auditor-General. All agendas, minutes and resolutions circulated for action.	
	Develop and maintain MFMA regulations, supporting circulars and guides	Maintain and enhance regulations, supporting circulars and guides	Developed MFMA financial misconduct regulations.	
	Maintain MFMA helpdesk	Conclude 75% of responses within 30 days	Reviewed, refined, amended and concluded 315 responses within 30 days; 100% response rate to helpdesk enquiries.	
	Maintain and enhance financial management capability maturity model (FMCMM)	Maintain and enhance FMCMM for all spheres of government	Finalised development, updates and modification of FMCMM for municipalities supported by a guide.	
	Maintain and enhance Treasury regulations and instructions	Conduct ongoing maintenance and enhancement of Treasury regulations and instructions	A draft of the Treasury Regulations was submitted to the Chief Directorate: Legislative Drafting in October 2013. The legal review is currently being undertaken, but delays have been experienced. When the legal review has been finalised, the Treasury Regulations will be published shortly thereafter.	

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
		Review and respond to requests for development of financial recovery plans	Prepare recovery plans within 90 days	<ul style="list-style-type: none"> Progress monitored and feedback provided on implementation of Financial Recovery Plans for Madibeng, Mahikeng, Msunduzi, Naledi and Bushbuckridge municipalities. Reviewed and commented on financial recovery plans for Mopani District municipality (Limpopo Province), Joe Morolong municipality (Northern Cape), Kai Garib municipality and Renosterberg municipality (Northern Cape).
		Municipal financial management improvement programme support to provincial treasuries and municipalities	Render technical assistance to provinces and municipalities requesting support	Eight provincial treasuries and 59 municipalities received continuous technical support during 2013/14.
		Management of municipal finance conditional grant programme	Effect transfers by 31 March each year consistent with division of revenue frameworks	All allocations transferred to municipalities in line with the division of revenue framework.
		Support to provincial treasuries for preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of GRAP standards	200 trainees in provincial treasuries, municipalities and public entities	<ul style="list-style-type: none"> 133 officials were trained on Pay Master-General Safetyweb. 57 from the Western Cape and Gauteng provincial treasuries were trained on the AFS template. 82 trainees from national departments were trained on the new Modified Cash Standard and Accounting Manual. 267 trainees from national public entities and provincial treasuries were trained on GRAP standards and year-end requirements.
		Workshops/information sessions to empower oversight structures to fulfil responsibilities ¹	Conduct when required	On request, workshops and/or information sessions were held with parliamentary oversight structures. Presentations were made to various parliamentary committees on a range of financial management issues as well as to the Forum of South African Directors-General and to researchers attached to the Association of Public Accounts Committees.

¹ These workshops and information sessions are based on demand from relevant oversight structures.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Internal audit and state of readiness for quality assurance reviews to assess compliance with PFMA, MFMA, international standards for the professional practice of internal audit and adoption of best practice	Conduct at eight institutions	Eight state of readiness reviews were carried out for: <ul style="list-style-type: none"> • National Treasury • Department of Tourism • Department of Environmental Affairs • Department of Cooperative Governance & Traditional Affairs • Northern Cape Shared Internal Audit • Drakenstein Municipality • Department of Correctional Services • Nkangala District Municipality
		Strategic support plans (SSPs) to support financial management improvement in priority institutions	SSPs to be signed off by Head of Department and Accountant-General by September of each year	SSP sign-offs in progress and work plans going ahead as per agreement with departments.
		Quarterly interim financial statement reviews in selected priority departments	Perform nine reviews and provide relevant departments with report for financial year ending 31 March 2014	17 interim financial statement reviews were performed and feedback provided to the departments.
	Facilitate capacity development for enhancement of skills and competency levels across each sphere of government	Financial management capacity development strategy	Implement public finance management (PFM) education, training and development model and PFM skills needs analysis framework	Development of the public financial management delivery model has been completed. The model will be discussed with the National School of Government to agree on roles and responsibilities. The pilot of the model with the following academies has been completed with the funding provided by the CD: Capacity Building: <ul style="list-style-type: none"> • Gauteng City Regional Academy (GCRA) • Western Cape Institute of Training Development • Kwa-Zulu Natal Training Academy • Free State Training and Development Institute. The financial management skills assessment research report is on track. The report will assist in standardising public financial management skills assessment in government departments.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
			Review departmental CFO's office, SCM, internal audit and enterprise risk management structures by 31 March 2014	<ul style="list-style-type: none"> Coordinated the Public Sector Experts Practitioners' Committee (PSEPC) for the review of the draft standard operating procedures (SOPs) for revenue management and expenditure management disciplines Supported the review of the Chartered Institute of Management Accountants (CIMA) global management accounting principles to ensure proper alignment with the Competency Framework for Financial Management. Participated in the Human Resource Development Council (HRDC) Summit (Integrated Human Resource Development Strategy 2014–2018) Presented the Capacity Development Strategy for PFM at the Ghana study tour.
			Develop and implement PFM skills development programmes for current and new employees by 31 March 2014	<ul style="list-style-type: none"> Developed three learning programmes on cash flow management revenue management, and budget examination as part PFM capacity building Rolled out the CFO capacity building programme and strategic planning and annual performance planning learning solution To date, 300 officials have been trained by the Free State Academy, Western Cape Training Institute and Gauteng City Regional Academy 100 officials have been trained on the CFO training programme 75 officials have been trained on the strategic and annual performance plan training programme.

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
		Implementation of academic support programme for chartered accountants' academy and other accountants in government	24 participants	<ul style="list-style-type: none"> The South African Institute of Chartered Accountants (SAICA) Thuthuka programme accommodated in their programme students who had to repeat the Board examination. SAICA's changing the frequency of writing the Board examination from once to twice per year had an impact on the academic support programme as only two candidates were available to attend during the current year. It was therefore decided to discontinue the programme in the current year as it would not have been cost-effective to run the programme for only two students.
		Facilitate knowledge sharing in financial management practices through formal platforms	300 participants	Facilitated one information sharing and training session for 20 Office of the Accountant General (OAG) staff.
		Facilitate opportunities for relevant officials in municipalities to attain financial management competencies	1 000 learners	<ul style="list-style-type: none"> Availed 15 courses covering minimum competency levels scheduled for December 2013 at Stellenbosch University. National Treasury database of learner achievement/compliance with the minimum competency levels across municipalities enhanced with further Statement of Results received from the LGSETA. Concluded a second Train the Trainer workshop on MFMA Induction with 9 provincial treasuries in March 2014, for rollout across municipalities. The first workshop was provided for KwaZulu-Natal Provincial Treasury and Provincial CoGTA with eight district municipalities in January 2014. Training on the minimum competency levels for municipal officials is on-going. Exemptions notice approved by Minister of Finance were published through the Government Printers and distributed to municipalities with supporting guidance. <p>Further human resource support granted to LGSETA to fast-track accreditation of more regional providers to support municipalities in the exemption notice time frame.</p>

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Measurable objective: To facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.

SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Financial Reporting for National Accounts	Support public-sector institutions to execute financial management effectively, efficiently, economically and transparently	Timely and accurate publication of monthly statements of actual revenue and actual expenditure for National Revenue Fund	Reports published on last working day of every month	All Section 32 reports were published timeously.
		Banking services for national government	<ul style="list-style-type: none"> Daily bank reconciliation of National Revenue Fund Electronic verification of supplier banking details within four working days 	<ul style="list-style-type: none"> All bank reconciliations performed. All electronic supplier banking details verified within prescribed time limits.
		Tabling of consolidated annual financial statements for national departments, public entities and Reconstruction and Development Programme (RDP) Fund	Annually on 31 October	<ul style="list-style-type: none"> RDP annual financial statements completed; tabled on 31 October 2013. National Consolidated Financial Statements for departments and public entities successfully tabled on 31 October 2013. Year-end instructions to national departments and public entities for 31 March 2014 consolidation issued.

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PROGRAMME 6
**INTERNATIONAL
FINANCIAL RELATIONS**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PROGRAMME 6

INTERNATIONAL
FINANCIAL RELATIONS

Purpose: Manage South Africa's interests in shaping regional and global policies that advances the economic, financial and development objectives of our country, and those of Africa.

Measurable objectives:

- To advance South Africa's interests specifically, and those of Africa more generally, through regular strategic analysis, engagement and negotiation in financial and economic fora.
- To increase Africa's voice and South Africa's influence in multilateral international institutions including the International Monetary Fund, the G20, the African Development Bank (AfDB) and BRICS.
- To promote regional economic integration in the Southern African Development Community (SADC) and to strengthen economic links within Africa by providing ongoing support in SADC forums and by supporting the Southern African Customs Union (SACU).

There are nine sub-programmes:

- *Management* supports the planning, monitoring and implementation of the programme's activities. The office of the Deputy Director-General (DDG) oversees South Africa's representation in international and regional financial institutions; manages bilateral and multilateral relationships on behalf of the National Treasury; and plans, implements and monitors programmes and activities that advance South Africa's national interests.
- *International Economic Cooperation* facilitates South Africa's contribution to shaping international, financial and development policies through its participation in regional and global institutions and fora and through strategic bilateral engagements.
- The remaining sub-programmes including the Common Monetary Area Compensation; Financial and Technical Support; the African Development Bank and African Development Fund; the World Bank Group; the Collaborative Africa Budget Reform Initiative (CABRI); the Commonwealth Fund for Technical Cooperation; and the International Funding Facility for Immunisation, transfer funds to various institutions in accordance with South Africa's participation in the associated forums.

SERVICE DELIVERY
OBJECTIVES AND INDICATORS

Recent outputs

- The *International and Regional Economic Policy* (IREP) division gives effect to this programme. It has two chief directorates: African Economic Integration (AEI) and International Finance and Development (IFD) which fall under the sub-programme *International Economic Cooperation*.
- The AEI unit manages South Africa's engagements within the African continent. Key to this is the management of South Africa's membership of the SACU in collaboration with the Department of Trade and Industry (DTI). Negotiations on the review of the SACU agreement and particularly on arriving at a new revenue sharing arrangement continued during the review period.
- The unit also aims to increase Africa's voice and South Africa's influence in international institutions and fora and to play a leading role in the reform of the governance and administration structures of African institutions. During the period under review, the unit continued to engage in multilateral efforts to ensure full implementation of SADC's Finance and Investment Protocol.
- Playing a prominent role in SADC's Finance Committee, the unit ensured that SADC resources are adequately scrutinised against agreed targets and that stricter accountability is applied within the Secretariat when using these resources.
- The unit represented South Africa's interests at the AfDB, the African Union Commission (Economic Affairs) and the United Nations Economic Commission for Africa. It focused particularly on ensuring an ambitious replenishment of the AfDB's concessionary lending window. In this cycle, South Africa obtained 3 560 new shares that were offered to regional member states, increasing our shareholding to 4,8%. The increased shareholding will enable South Africa to reach the goal of 6% share level that was approved by Cabinet in 1998.

PROGRAMME 6

INTERNATIONAL FINANCIAL RELATIONS

- IFD participated in multilateral caucus groups and global international institutions to advance South Africa's economic, financial and developmental agenda.
- In collaboration with the South African Reserve Bank (SARB), the unit leads South Africa's participation in the finance track of the G20. This includes participating in a number of working groups and in G20 ministerial and deputies' meetings. South Africa co-chaired the Study Group on Climate Finance, attended the G20 Energy Sustainability Working Group meeting and presented the G20 anti-corruption work at the Anti-Corruption Task Team meeting. The unit helped to develop a strategy for South Africa's interaction with the G20 as a whole, working with the Presidency, DIRCO and SARS among others. It is planning a number of G20 outreach events linked to the G20 Strategy to ensure a coordinated African voice in the G20. It is also establishing and strengthening ties with a number of other government departments, such as SARS and DOE.
- The unit also leads South Africa's engagement in the finance track of the BRICS. South Africa joined BRICS in 2011. In 2012 BRICS leaders announced that their finance ministers were exploring the feasibility and viability of establishing a new development bank; this has become a cornerstone for consolidating BRICS co-operation as well as co-operation among emerging markets and developing countries (EMDCs). In 2013, the establishment of the bank was identified by Cabinet as the major deliverable that South Africa wished to result from the hosting of the BRICS Summit. The IFD unit contributed towards this major outcome for the country. The unit has also engaged the external stakeholders to ensure that their interests are well-represented in BRICS initiatives and decisions. Both the New Development Bank and the Contingent Reserve Arrangement have been finalised. The process of ratification of the legal agreement has been concluded.
- The IFD unit continued to strengthen relations with multilateral development banks. This was accomplished at two levels. The first was the completion of the World Bank Country Partnership Strategy for 2013/16. This strategy relates in broad terms to the areas in which the World Bank intends to provide support to South Africa.

As part of the implementation of the South Africa/World Bank Country Partnership, the Government Technical Advisory Centre (GTAC) will bring the Knowledge Hub into operation, with IREP responsible for the monitoring of the World Bank Group's activities and how they align with South Africa's overall policy. The second level relates to South Africa's contribution to the global development agenda through on-going International Development Assistance (IDA).

- The IMF Article IV Annual Consultations were completed successfully. Part of the success of this process was that IREP secured a stronger participation from government officials than was previously the case.

Notable variances between envisaged and actual outputs for the 2014/15 year include:

- Presentation of the proposed G20 strategy to Cabinet. This was postponed in favour of presenting to Cabinet following the national elections in May 2014.
- Finalising of the SACU revenue formula and establishment of a common revenue pool as stand-alone account with SA Reserve Bank. This activity requires further consultation between relevant SACU Ministers, as well as specific bilateral engagements. They are envisaged to take place during the 2014/15 financial year.
- Official launch of the Southern Africa Regional Resource Centre was delayed due to logistical challenges and will be completed during the year ahead.

PROGRAMME 6

INTERNATIONAL
FINANCIAL RELATIONS

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To facilitate the deepening of South Africa's role in regional and international economic integration.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
International Economic Cooperation	Advance South Africa's interests specifically, and those of Africa more generally, through regular strategic analysis, engagement and negotiation at financial and economic forums.	Demonstrated influence in shifting multilateral and plurilateral public policy agendas.	<ul style="list-style-type: none"> Consolidate and integrate messaging by government for WEF (Davos) and WEF Africa. Support Ministry in preparing processes and content for WEF Africa in Abuja Nigeria. 	<ul style="list-style-type: none"> We are working closely with the Ministry to develop the messaging for WEF Africa 2014. Ministry has provided guidance on the direction of the messaging. Working within a department-wide team of National Treasury and other government stakeholders a review of South African messages has been evaluated for relevance.
			<ul style="list-style-type: none"> Conclude shared National Treasury-Reserve Bank strategy on international issues. Establish relationships with other line departments working on G20 issues, including Energy, Trade and Industry, Presidency, International Relations and Cooperation and South African Revenue Service (SARS) to promote South African interests. Conclude G20 strategy Cabinet memorandum. Support G20 study group on long-term investment and ensure it focuses on South African and African concerns. 	<p>G20 Strategy:</p> <ul style="list-style-type: none"> A G20 strategy was developed in collaboration with relevant government departments. The G20 strategy was presented at the Global Governance Committee meeting in February and the DG International Cooperation, Trade and Security (ICTS) cluster meeting in March. The minister advised that the strategy should be presented in Cabinet following the national elections in May. A number of outreach events with regard to the G20 strategy are currently planned for 2014. The G20 strategy will be presented to Business20 (B20), Civil Society 20 (C20), Think 20 (T20) and Youth 20 (Y20) once approved by Cabinet in an event jointly organised with some of the South African think tanks institutions. Treasury will also have a G20 outreach event on the margins of the African Development Bank (AfDB) annual meetings to ensure a coordinated African voice in the G20.

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INTERNATIONAL
FINANCIAL RELATIONS

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To facilitate the deepening of South Africa's role in regional and international economic integration.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
				<p>Strengthening working relations with other line departments:</p> <ul style="list-style-type: none"> International and Regional Economic Policy (IREP) co-chairs an interdepartmental coordinating working group on G20 matters (Sherpa and Finance Track issues) with Department of International Relations and Cooperation (DIRCO). IREP is working very closely with SARS on base erosion and profit shifting. SARS prepared notes for IREP to assist the minister during the February Finance Ministers' and Central Bank Governors' (FMCBGs) meeting. A follow up meeting was held on 12 March 2014 to give feedback to SARS. The Division has continued to coordinate input from different government departments on the G20 anti-corruption work. A new interlocutor space has arisen through the Brazil Russia India China South Africa (BRICS) inter-governmental working group which is led by the National Intelligence Coordinating Committee (NICOC) which we are following and in which we participate. The National Treasury also presented the G20 anti-corruption work at an Anti-Corruption Task Team (ACTT) meeting. IREP has developed a strong working relationship with the Department of Energy (DOE). The objective is to ensure the full participation of the DOE in the G20 Energy Sustainability Working Group (ESWG). For the first time, DOE attended an ESWG meeting in Australia on 12-13 February with National Treasury. <p>South African participation in the Infrastructure Working Group:</p> <ul style="list-style-type: none"> South Africa continues to raise challenges faced by African countries when trying to attract finance for infrastructure investment. The need to focus on project preparation and enhancing the role of the Multilateral Development Bank in financing infrastructure are very important. Domestically, National Treasury in conjunction with other stakeholders carries out an on-going assessment of key constraints to private sector financing of infrastructure in South Africa. Lessons learnt from this assessment are useful in the Investment Infrastructure Working Group discussions.

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INTERNATIONAL
FINANCIAL RELATIONS

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To facilitate the deepening of South Africa's role in regional and international economic integration.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
			<ul style="list-style-type: none"> Continue to improve coordination among finance institutions in areas of cooperation with BRICS countries. As BRICS chair for 2013-2014, lead talks to bring BRICS-led new development bank to operational readiness. Work with Reserve Bank to ensure South Africa's interests are recognised in negotiations to establish contingent reserve arrangement. Work with private sector to ensure a feasibility report on a reinsurance pool that serves public- and private-sector interests is presented to 2014 BRICS summit. 	<ul style="list-style-type: none"> Both the New Development Bank (NDB) and Contingent Reserve Arrangement (CRA) are at the stage of negotiating legal documentation which is being prepared for signing as soon as it is finalised. Internal consultations have been conducted with Treasury Legal Services and the DIRCO State Law Advisor to establish South Africa's legal opinion. Treasury continues to engage the Reserve Bank to ensure South Africa's interests are recognised within the CRA negotiations.
	Agreement on World Bank country partnership strategy for South Africa		<ul style="list-style-type: none"> Conclude agreement on country partnership strategy. Conclude agreement on form and content of knowledge hub for South Africa. 	<ul style="list-style-type: none"> Following the conclusion of the CPS, IREP engaged with the World Bank local office so that it can consider follow-up consultations with various national departments regarding its implementation. These departments requested further cooperation with the World Bank. Part of the implementation is being done via the Knowledge Hub, which launched its work on 25 March 2014 with regard to Tuberculosis (TB) in the mining sector across the southern African region. The Government Technical Advisory Centre (GTAC) will now take up the process of operationalizing the Knowledge Hub; whilst IREP will continue to monitor the World Bank Group in the country and its alignment to overall policy.

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INTERNATIONAL FINANCIAL RELATIONS

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To facilitate the deepening of South Africa's role in regional and international economic integration.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		AfDB country strategy paper for South Africa	Monitor implementation of country strategy paper.	<ul style="list-style-type: none"> IREP, together with the National Planning Commission, took part in a workshop with AfDB consultants to evaluate the relationship between South Africa and the AfDB's Regional Resource Centre (RRC). We underscored the importance of ensuring that the RRC's engagement with various government departments and other stakeholders be underpinned by the CSP. National Treasury (IREP) co-hosted a Business Opportunities Seminar (BSO) with the AfDB Regional Resource Centre to start creating greater awareness of the Bank's products. One of the fundamental principles of the CSP is that the Bank's engagement with South Africa should be aligned to our domestic plans and priorities. Since the NDP identified the need for South African companies to seek opportunities on the African continent, the BSO will assist in making South African companies aware of opportunities available on the continent through AfDB-funded projects. The plan is to have two BSO a year.
		Conclude International Monetary Fund (IMF)-South Africa Article IV consultation.	Improve quality of Treasury-Reserve Bank seminar at margins of Article IV consultation.	<ul style="list-style-type: none"> The South Africa Article IV consultation was completed successfully in the first quarter and IREP secured stronger participation from government officials than in previous years.
		Play prominent role in regional capacity-building initiatives.	<ul style="list-style-type: none"> Ensure Collaborative Africa Budget Reform Initiative (CABRI) becomes autonomous. Ensure government continues to host initiative and provides additional support. 	<ul style="list-style-type: none"> Government no longer needs to host the initiative since it now has its own premises. We do however still support CABRI financially and we processed our annual membership payment in this quarter. The new Chief Director: Africa Economic Integration (CD/AEI) has also indicated to CABRI that she will replace the old CD/AEI on the Board in order to monitor CABRI's activities as well as to see how it can complement IREP's plans on capacity-building in Africa.
	Increase Africa's voice and enhance South Africa's contribution to and participation in international institutions and forums.	IMF reform	Obtain BRICS support for third chair.	<ul style="list-style-type: none"> Efforts to obtain BRICS support for a third chair for SSA on the IMF Executive Board are on-going. South Africa has not yet obtained full, unconditional BRICS support. However, some BRICS members (notably India) already voiced their support for a third chair. Note that the IMF has not succeeded in implementing the 2010 IMF reform (Q14), due to the failure of the US to ratify the reforms, a vote that is needed to enable implementation. As the next step, the IMF Board has requested the postponement of the implementation of the Q15 reform to January 2015, in order to allow the US Congress time to ratify the current reforms.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To facilitate the deepening of South Africa's role in regional and international economic integration.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		World Bank reform	Develop policy proposals for next round of World Bank reforms in close cooperation with Africa Group 3 (South Africa, Nigeria, Angola) constituency office.	<ul style="list-style-type: none">• The focus in the past cycle has been the International Development Agency (IDA) 17 replenishment negotiations which have been successfully concluded.• IREP has however set up stronger linkages between the Africa Group 3 office and IDA management, as IDA reform is likely to go ahead in the next cycle.• The World Bank is in the process of implementing a group strategy that will position the Bank better, target poverty alleviation everywhere and promote shared prosperity, i.e. include the bottom 40% of the population in the mainstream economy.
		Improve use of resources made available by Organisation for Economic Cooperation and Development (OECD).	<ul style="list-style-type: none">• Successfully place official at OECD headquarters.• Develop tools and methodologies to ensure efficient use of resources made available by OECD.	<ul style="list-style-type: none">• All administrative requirements have been finalised. Awaiting final MOU from DIRCO.• The OECD Strategy was approved by Cabinet on the 18th September 2013. This strategy sets out South Africa's priorities for engaging with the OECD, outlines key approaches and provides for a reporting framework.• An Interdepartmental Working Group on OECD has been established, and has facilitated inter-departmental coordination on OECD issues.• IREP provided strategic advice to support the development of three OECD reviews of South Africa. It supported the team in the development and finalisation of the Economic Review of South Africa; the Environment Review and the African Economic Outlook.• IREP launched three policy dialogues on natural resource management, with participation by the Department of Mineral Resources; Poverty and Inequality, with support from the Department of Social Development, and Base Erosion and Profit Shifting, with the support of SARS. These policy dialogues facilitated knowledge dissemination and transfer amongst government officials.

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MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To facilitate the deepening of South Africa's role in regional and international economic integration.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Lead reform of governance and administration structures of African institutions.	Number of governance and administrative reforms that lead to greater efficiency and effectiveness.	Use role within SADC Finance Committee to address spending inefficiencies and ensure alignment of resource allocation with regional priorities.	<ul style="list-style-type: none"> The SADC Finance Committee met in March 2014 in Malawi. National Treasury played a key role during this meeting, ensuring that the resources of SADC are adequately scrutinised against agreed targets and expressing concerns where this has not been the case. South Africa also played a key role in calling for stricter accountability within the Secretariat for the use of SADC resources.
			Common revenue pool established as stand-alone account with Reserve Bank.	<ul style="list-style-type: none"> Negotiations around the reform agenda of the Southern African Customs Union (SACU), including the Common Revenue Pool (CRP), have stalled pending a planned SACU ministerial retreat and high-level bilateral engagements. It is expected that these engagements will only happen after the May general elections.
			Advise minister and Cabinet on Treasury's efforts to increase its shareholding in AfDB.	<ul style="list-style-type: none"> South Africa obtained 3,560 new shares that were offered to regional member states of the AfDB and the minister was advised to take up these shares in the 2nd quarter. The minister accepted this advice and in the 4th quarter, IREP timeously facilitated payment for these shares to ensure that they are not offered to another member state. As a result, South Africa is approaching the 6% Cabinet-mandated shareholding. The recent shares take South Africa's shareholding to 4.8% (from 1.2% in 1995). South Africa has also started to pay its contribution to the thirteenth replenishment of the African Development Fund. The AfDB will be electing its president in 2015. In preparation, the IREP submitted a proposal and the minister has since signed the memorandum detailing South Africa's proposed approach on the matter. The minister will further engage with DIRCO and the agreement will then be referred to Cabinet for approval. The SADC Ministers of Finance have also included the nomination for the AfDB on their agenda.

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INTERNATIONAL
FINANCIAL RELATIONS

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To facilitate the deepening of South Africa's role in regional and international economic integration.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Increased voice and enlarged shareholding for South Africa in African multilateral institutions.	Official launch of the Southern Africa Regional Resource Centre	<ul style="list-style-type: none"> This was not concluded during the period under review, it will be finalised once the offices of South Africa's Minister of Finance and the President of the AfDB; confirm their availability.
	Promote integration and strengthen links with Africa by creating an enabling environment for economic activity	Reformed SACU revenue-sharing formula.	Finalise negotiations with all SACU member countries.	<ul style="list-style-type: none"> Following the decision by Ministers Gordhan and Davies in September 2013 that there will be no further discussions at official levels until the political discussions have taken place (either at the Ministerial Retreat or during the President's visit to his SACU counterparts), negotiations with SACU member countries can only resume after the Retreat, which is currently planned to take place only after the South African national elections.
		Implementation of SADC's Finance and Investment Protocol.	Finalise one-stop border post (OSBP) policy.	<ul style="list-style-type: none"> Progress on the five SACU priority work programmes, which include negotiations around a new revenue sharing formula, has stalled pending the planned SACU Ministerial Retreat and high-level political engagements. These engagements are planned for after the May South African national elections. A General Procurement Notice has been issued and has also been published on the AfDB website. The consultants to be eventually appointed will be expected: <ul style="list-style-type: none"> a) to develop an OSBP Policy that will guide the establishment of OSBPs for South Africa; and b) to ensure that the policy is so designed that it can be used to assist and guide the development and standardisation of OSBPs in Africa. IREP attended a workshop on 28 February 2014 at SARS offices where all issues pertaining to border control were discussed. Several government departments including South African Police Service (SAPS) and Home Affairs also attended.

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INTERNATIONAL
FINANCIAL RELATIONS

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To facilitate the deepening of South Africa's role in regional and international economic integration.				
SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
		Support regional trade facilitation	Enhance SA's membership and shareholding in Africa Export-Import Bank.	<ul style="list-style-type: none"> AFREXIM is considering establishing an office in South Africa if the country becomes a member. The decision to take up membership was pending a decision by the minister on the taxation of South African nationals who will work for the Bank. Following consultations within Treasury, a memorandum was submitted to the minister. Options of taxing or not taxing were presented. It was proposed that option one, whereby South African nationals employed by international organisations with offices in South Africa should be subject to tax in South Africa, should be considered. South Africa must now inform the Bank of the decision for the Bank to indicate how this will affect South Africa's membership.
		Increase number of bilateral financial engagements with strategic economies.	<ul style="list-style-type: none"> Ensure forum advances South Africa's priorities on the continent. Identify areas of closer cooperation with African economies in accordance with South Africa's strategic priorities. Implement policy. 	<ul style="list-style-type: none"> Engagements with the Cote d'Ivoire continue. Currently a substantial number of companies wish to invest in the country with some having made progress in terms of registration, securing land, securing funding etc. Whilst there is still a general weakness in terms of supplying the requisite information from Cote d'Ivoire, continuous efforts are being made. The minister has signed a memorandum which proposes a way forward. A follow up briefing memorandum is being drafted which will inform the minister of projects to be pursued and a return mission to the country to present South Africa's willingness to provide assistance. Regarding the Democratic Republic of Congo, the minister has signed a briefing memorandum on the Grand Inga project. The National Treasury will strive to convene an inter-departmental meeting to discuss South Africa's participation in the project.

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REPORT 2013/14

PROGRAMME 7
**CIVIL AND MILITARY PENSIONS,
CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PROGRAMME 7

CIVIL AND MILITARY PENSIONS,
CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

Purpose: Provide pensions and post-retirement medical benefits to former employees of state departments and bodies. Provide similar benefits to members of the military, special pensioners, injury-on-duty state employees and other related benefits.

Measurable objective: The programme ensures the payment of benefits and awards to rightful beneficiaries in terms of various statutes, collective bargaining and other agreements. It is the responsibility of the programme to ensure that benefits are paid to the correct recipients within specified times.

The programme is divided into the following key delivery sub-programmes:

- *Management* provides support for planning, monitoring and delivering the programme's activities.
- *Government Pensions Administration Agency* (GPAA) provides administrative services as regulated by various statutes.
- *Military Pensions and Other Benefits* provides for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices and other related expenses in terms of statutory commitments.
- *Post Retirement Medical Benefits* deals with the processing of medical aid applications for retired government employees.
- *Special Pensions* provides for the payment of pension to persons who made sacrifices or served the public interest in the cause of establishing a democratic constitutional order.
- *Injury on Duty Payments* provides pensions and gratuities to injured or deceased employees in terms of the Compensation for Occupational Injury and Diseases Act (COIDA).

These funds are administered on behalf of the National Treasury, with which GPAA has a service level agreement governing turnaround times, the registration of new members, payments made, errors incurred, over payments and under payments, risks, audit findings, business continuity and financial issues.

SERVICE DELIVERY
OBJECTIVES AND INDICATORSStrategic objectives for the
financial year 2013/14

- To pay 80 per cent of benefits accurately and on time and within 60 days of receipt at the GPAA.
- To improve the customer service experience by responding to queries, complaints or requests within two working days; resolving queries, complaints or requests within seven working days; and developing a customer satisfaction indicator consisting of a range of criteria.
- To address internal audit findings by specified date.
- To entrench enterprise-wide risk management by implementing mitigating actions.
- To comply with stakeholder SLAs by delivering on specified service levels in the National Treasury service level agreement.
- To institutionalize key account management by responding to queries, complaints or requests within two working days and by resolving stakeholder queries, complaints or requests within seven working days.

Highlights, achievements
and challenges in 2013/14

GPAA paid out pensions and benefits worth over R3.2 billion to approximately 113 800 beneficiaries during 2013/14. These benefits were paid accurately in 100 per cent of cases and on time in 94 per cent of cases; this was significantly above the targets set for these two activities for the year.

In all, the unit had 15 deliverables for the year and succeeded in meeting or exceeding 14 of these. GPAA exceeded 10.

The one unmet target was the application control review target (focusing on testing the robustness of the ICT applications' control environment). It should be noted that the audit process started in March 2013 and the audit report was signed off in September 2013, six months into the financial year. In the remaining six months, Programme 1 resolved 75 per cent

PROGRAMME 7

CIVIL AND MILITARY PENSIONS,
CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

of the internal audit findings against the target of 90 per cent, and is on track to resolve the rest within the next three months.

The remainder of this section reports on some of the key projects and initiatives undertaken during 2013/14.

Stakeholder relations

GPAA places a premium on building and maintaining sound relations with stakeholders. This enables the unit to improve the quality of the customer experience and helps to spread the word to prospective beneficiaries about benefits for which they may be eligible to apply. Special pensions are a case in point. During 2013/14, with the help of stakeholder networks GPAA was able to trace a number of beneficiaries who were unaware of their eligibility to apply for a special pension.

To strengthen relations with stakeholders, GPAA met with key stakeholders for all categories of benefits. For post-retirement medical benefits, these stakeholders are medical aid schemes, retiring public servants and the Department of Public Service and Administration. For military pensions and special pensions, key stakeholders include the Department of Defence, Department of Military Veterans, Association of Military Veterans and political parties that were involved in the liberation struggle. The Compensation Commissioner is one of the main stakeholders for injury-on duty-payments.

Across all benefit categories, Parliament is a key stakeholder for GPAA. A trend that continued during 2013/14 was the increase in the number of beneficiaries for post-retirement medical benefits, rising from 77 988 in the previous year to 82 364 in the year under review. By contrast, the client bases for other benefits in the portfolio are on the decrease, owing to mortality rates among beneficiaries and a decline in new applications.

The SOMA injury assessment project

In the case of military pensions, this represented a challenge for the unit, specifically in terms of the SOMA project. According to the agreement with the SOMA Risk

Management Assessment company, GPAA is required to refer a certain number of prospective applicants per year for injury assessment and verification. This can be problematic when insufficient applicants apply or application information is incomplete. To overcome these challenges, the unit plans to embark on an awareness drive in 2014/15 to inform prospective applicants about the provisions and criteria for accessing military pensions.

Legislative inputs to National Treasury

During 2013/14, the programme drafted two legislative amendments for consideration by the Minister of Finance. These are the Military Pensions Amendment Bill and the Special Pensions Amendment Bill. These bills will be considered by the National Treasury for submission to the 2014 Parliamentary sittings.

The only material variance between planned and actual outputs for this programme, relates to the percentage of internal audit findings to be resolved during the year under review. Whilst the resolution of 90 per cent of internal audit findings was planned for the year under review, the programme achieved a 75 per cent resolution. The final report for System Controls was received by at the end of September 2013 with 98 findings. 73 of these have been resolved and awaiting assurance from the National Treasury's Internal Audit team. Whilst some delays were experienced, the remaining findings will be resolved by end of June 2014.

PROGRAMME 7

CIVIL AND MILITARY PENSIONS,
CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To ensure the payment of benefits and awards to rightful beneficiaries in terms of various statutes, collective-bargaining and other agreements.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Post-Retirement Medical Benefits, Military Pensions, Injury on Duty, Special Pensions and Other Benefits	Ensure the timely and accurate payment of benefits	Benefits paid accurately (audited)	Pay 80% of quality-assured payment samples accurately	Average accuracy of 99% achieved across the four quarters
		Benefits paid within 60 days	Pay 78% of benefits within timeframe and 80% better than agreed time: post-retirement medical benefits – 30 days, injury on duty – 45 days, special pension – 60 days	On average, 93 % of benefits paid within 60 days of receipt of application Medical Benefits: 98 % (on average) paid within 30 days IOD: 89.4% (on average) Special Pensions: 88.3 %
	Reduce backlog	Reduction in backlog (> 60 days) baseline	Reduce backlog to 30% of baseline from exit date	Backlogs as at 31 March 2014: - No backlogs exist except for IOD, where backlogs were reduced by 84% during the period under review
	Improve customer experience Query, complaint or request (QCR)	Call centre service levels in line with service level agreements (SLAs)	80% of calls meet SLA requirements	On average 98.7% of calls met SLA requirements
		QCR response time	Process 80% within two days	On average, 97.6% of calls were processed within two days
<ul style="list-style-type: none"> Achieve unmodified external audit opinion with no matter of emphasis Address internal audit findings Ensure sound financial management and controls are in place Ensure enterprise-wide risk management Comply with stakeholder SLAs Institutionalise key account management 		QCR resolution time	Resolve 80% within two days	Of the calls processed, 88.8% of calls within seven days
		Reduction in findings	Resolve 90% of significant audit findings timeously	No significant matters of emphasis were noted during the year under review
		Reduction in findings	Resolve 90% of IA findings	74.5% of internal audit findings were resolved, as the applications control review findings have not yet been completely resolved
		Budget variance	2% budget variance	Budget variance did not exceed 2 % for the year under review
		Risk mitigation	Mitigate 70%	71.4% of identified risks were mitigated
		Reduction in fraud	Reduce 50%	No fraud cases were reported during the year under review
		Implementation of business continuity plan	80% compliance with set RPO and RTO in exercises in at least two disaster recovery site tests	Of the three business continuity tests conducted, all were deemed successful, as reported by independent auditors
		Compliance with Treasury SLA performance requirement	90% compliance	On average, 93.8% compliance with the SLA was achieved
		Response time to stakeholder complaints	Two days taken to respond	On average, response times of two days are being achieved
		Resolution of stakeholder complaints	Six working days	On average, resolution times of two days are being achieved

PROGRAMME 7

CIVIL AND MILITARY PENSIONS,
CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To ensure the payment of benefits and awards to rightful beneficiaries in terms of various statutes, collective-bargaining and other agreements.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
	Ensure efficient and managed processes	Core business processes mapped	60% core business processes mapped	90% of core business processes are now mapped
	Deploy applicable technology to automate processes	Core processes automated	50% core business processes automated	Processes have not yet been automated due to delays in modernisation programme
		Align organisational structure with automated processes	20% of structure aligned to automated processes	As a result of modernisation delays, this was not achievable
	Maintain efficient organisational structure	Development of capability enhancement programmes	<ul style="list-style-type: none"> Three EDP enrolments 15 MDP enrolments 65% PDP training complete 	<ul style="list-style-type: none"> EDP applications have been made but enrolments expected to take place during the 2014/15 year 15 MDP enrolments have been achieved 65% PDP training has been achieved
	Build capability for delivering professional and effective administration	Employee satisfaction	45%	Employee satisfaction index has improved to 65%
	Be an employer of choice			
	Ensure an appropriate reward and recognition system is in place			
	Ensure that all departments are compliant with pensions and other benefit-related matters	Performance management plan compliance	70% compliance	All employees are compliant with the performance management plan
		Employer department staff trained	50% trained	More than 50% of employer department staff have been trained on IOD and post-retirement medical cover
	Conclude and manage formalised agreements	Number of member awareness and empowerment initiatives	Six initiatives	Eleven awareness initiatives completed
	Implement joint member awareness and empowerment programmes			

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REPORT 2013/14

PROGRAMME 8 TECHNICAL SUPPORT AND DEVELOPMENT FINANCE



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PROGRAMME 8

TECHNICAL SUPPORT AND DEVELOPMENT FINANCE

Purpose: Provide specialised infrastructure development planning and implementation support and technical assistance to aid capacity building in the public sector.

Measurable objectives: The programme promotes public and private investment in infrastructure and public services by providing technical support for organisational strengthening and capital expenditure planning. This includes support for project management, public-private partnerships, urban spatial planning, infrastructure service delivery and municipal financial management.

It also provides financial assistance for catalytic projects that drive sustainable neighbourhood development and job creation. Objectives include:

- Building public sector clients' capacity through a combination of diagnostic services, organisation development and programme and project implementation support
- Providing transaction advice and support to PPPs and large infrastructure projects
- Promoting a strategic planning and investment framework to transform the spatial form of South Africa's larger urban centres
- Assisting with the design and co-financing of the Neighbourhood Development Partnership grant
- Building financial skills by improving internal and external reporting on financial management grants as they relate to budgets, service delivery and budget implementation plans, in-year monitoring and annual reports
- Ensuring proper planning and implementation of infrastructure maintenance by provincial departments of Education, Health and Public Works through quarterly monitoring of their infrastructure.

Technical and Management Support and Development Finance consists of the following sub-programmes:

- Technical and Advisory Support (including the Technical Assistance Unit (TAU) and Public Private Partnership (PPP) Unit)
- Neighbourhood Development Partnership (NDP)
- Infrastructure Delivery Improvement Programme (IDIP)
- Local Government Financial Management Grant (FMG)
- Municipal Finance Improvement Programme (MFIP)
- Employment Creation Facilitation Fund (ECFF).

PROGRAMME 8

TECHNICAL SUPPORT
AND DEVELOPMENT FINANCE

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and PPPs, advice on financing alternatives for municipal development and financial assistance for neighbourhood development projects.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Technical Support and Development Finance Programme Management	Establishment of programme management office and Government Technical Advisory Centre (GTAC)	Programme office development Governance and programme reports GTAC established	Establish programme office and governance and reporting framework Establish operational GTAC	<ul style="list-style-type: none"> - Programme structure was revised for 2014 Estimates of National Expenditure - Programme 8 Management Committee was established.
				<ul style="list-style-type: none"> - An Acting Head was appointed by the Minister of Finance - Management Committee was established - Strategic planning and staff liaison undertaken - HR and financial management transition processes underway.
		Project appraisals and economic assessment of policy and programmes	Perform three to five project appraisals and two expenditure reviews	<p>Project Appraisals undertaken:</p> <ul style="list-style-type: none"> - Nuclear feasibility report - Assessment of the nuclear feasibility study - Importing of gas pre-feasibility study - Liquid fuels investment review update - Assessment of short-term electricity supply options for South Africa - Assessment of long-term electricity price path options (still underway) - Assessment of the feasibility study for Grand Inga Project - Assistance to the Central Energy Fund on best practice for the feasibility study for the proposed Solar Park - Assessment of the feasibility of the Department of Energy's Integrated Energy Plan - Establishment of Task Team to assess constraints to private sector financing of infrastructure in South Africa; completion of report on constraints; establishment of work streams to address constraints. - Design of a financing framework for infrastructure (draft complete) - Quarterly updates of the progress of large infrastructure projects in South Africa.

PROGRAMME 8

TECHNICAL SUPPORT AND DEVELOPMENT FINANCE

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and PPPs, advice on financing alternatives for municipal development and financial assistance for neighbourhood development projects.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
				Expenditure Reviews: <ul style="list-style-type: none"> - Methodology established - 6 reviews completed: <ul style="list-style-type: none"> • Registration of non-profit organisations (NPOs) • Export promotion in Industrial Development Zones • Cost drivers in foreign missions • Cost effective strategy for the roll-out of broadband • Programmatic and costing comparison of various housing programmes • Costing the establishment and running of the National School of Government - 10 more reviews initiated and due for completion by end May 2014.
	Technical support: institutional strengthening and project management	Number of technical assistance projects supported	90	Target was reached; 110 projects were supported.
		% of clients who have observed capacity improvement	85%	658 respondents observed an average of 89.4% capacity improvement.

PROGRAMME 8

TECHNICAL SUPPORT AND DEVELOPMENT FINANCE

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and PPPs, advice on financing alternatives for municipal development and financial assistance for neighbourhood development projects.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
		Number of knowledge products related to capacity building	10 knowledge products (learning networks, communities of practice, case studies, learning sessions and knowledge exchange)	<p>One methodology:</p> <ul style="list-style-type: none"> - Contract Management Capacity Building Model <p>Two Practice Notes:</p> <ul style="list-style-type: none"> - Practice Note 1: Leadership Transition – Guideline for the Boss of the Incoming Leader - Practice Note 2: Leadership Transition – Guideline for the Incoming Leader. <p>One case study:</p> <ul style="list-style-type: none"> - Conference paper: "Facilitating effective leadership transitions in the South African public service". <p>20 external capacity building workshops:</p> <ul style="list-style-type: none"> - One expenditure performance review - One operations management support programme (OPSUP) - One action learning workshop - One MTSF workshop - One Safety and Security Sector Education Training Authority (SASSETA) workshop - One climate change workshop - One management performance assessment tool (MPAT) workshop - Ten strategic planning workshops - Three programme and project management sessions. <p>22 internal learning sessions</p> <ul style="list-style-type: none"> - Nine technical knowledge exchanges - Four orientation sessions - Five strategic and operational reviews - Four conversations that matter.

PROGRAMME 8

TECHNICAL SUPPORT
AND DEVELOPMENT FINANCE

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and PPPs, advice on financing alternatives for municipal development and financial assistance for neighbourhood development projects.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
	Support for PPPs and major capital project transactions	Project preparation methodology for PPPs and major capital projects	Develop and pilot extended project preparation guidelines	Done
		Registered PPPs and capital project transactions	Passenger Rail Agency of South Africa (PRASA) rolling stock Renewable energy independent power producers Hospital revitalisation	Reach financial close Done Ongoing.
		Number of projects reaching financial close	PRASA rolling stock and black economic empowerment Renewable energy independent power producers (Round 2) Stats SA Head Office accommodation	Closed Closed Closed
	Infrastructure delivery capacity improvement in provinces	Number of technical assistants (TAs) deployed in participating departments	36 long-term TAs deployed	36 TAs were deployed in the provinces. An additional six TAs were deployed within national departments as follows: <ul style="list-style-type: none"> • Three in the National Treasury • Two in National Department of Health • One in the National Department of Education.
		Number of people trained per province, and proportion of IDM Toolkit used	120 government officials trained on the IDM Toolkit	120 government officials were trained on the IDM Toolkit. 80 executive managers completed the Infrastructure Delivery Management Programme (IDMP) Executive Course.

PROGRAMME 8

TECHNICAL SUPPORT
AND DEVELOPMENT FINANCE

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and PPPs, advice on financing alternatives for municipal development and financial assistance for neighbourhood development projects.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
	Infrastructure skills development in municipalities	Number of technical graduates trained, per relevant statutory body requirements, in engineering, town planning, geographic information systems and project management	250 graduates in training	419 graduates are at various levels of their training programmes as per the requirements of the respective statutory councils. There are signed SLAs with the participating municipalities to support this process.
Local Government Financial Skills Development	Municipal financial skills development and capacity building to support implementation of MFMA	Appropriately skilled CFOs appointed in municipalities	278	219 CFOs appointed and 59 CFOS placed in acting capacity.
		Number of interns appointed to municipalities	1 390	1311 interns serving in municipalities.
		Audit action plans developed and implemented	278	237 audit action plans have been developed and are being implemented to address the 2012/13 audit findings. The remaining municipalities are in the process of developing action plans dependent on the issuance of an audit opinion by the Auditor General. These are being monitored monthly.
		Municipal compliance with Budget and Treasury Office, supply chain management, internal audit and audit committee requirements	Develop compliance assessment tool	Compliance assessment tool piloted, refined and developed. FMCMM is ready for nation-wide rollout in 2014/15.

PROGRAMME 8

TECHNICAL SUPPORT AND DEVELOPMENT FINANCE

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and PPPs, advice on financing alternatives for municipal development and financial assistance for neighbourhood development projects.

SUB-PROGRAMME	OUTPUT	MEASURE/ INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Gautrain loan	Loan to Gauteng Province as contribution to financing of Gautrain project	Loan repaid	First repayment instalment due	The first instalment of R1 159 566 959.36 was received in April 2013.
Municipal Finance Improvement Programme (MFIP)	Support for municipal financial management capacity and improved provincial oversight of municipalities	Number of municipalities assisted	85	56 municipalities. The number of municipalities receiving support decreased in March 2014 to enable a smooth closure of Phase 1 of the MFIP support which ended in that month in its current form.
		Number of provinces assisted	9	Eight provinces were supported; support was not rendered to Western Cape Treasury as the province's current capacity was deemed to be adequate.
		Ensure programme relevance and effectiveness	Analyse and report on programme effectiveness	Report being finalised for Phase 1 of the MFIP support which ended on 31 March 2014.
Neighbourhood Development Partnership Grant (NDPG)	Neighbourhood Development Partnership Programme	Total number of long-term urban regeneration programmes	5	18 urban networks identified. Target achieved.
		Number of NDPG projects under construction	40	83 projects under construction. Target achieved.
		Estimated third party investment leveraged (cumulative)	R2 000 million	R1 868 million

PROGRAMME 8

TECHNICAL SUPPORT AND DEVELOPMENT FINANCE

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and PPPs, advice on financing alternatives for municipal development and financial assistance for neighbourhood development projects.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION - 2013/14
Employment Creation Facilitation	Jobs Fund: support for 150 projects and creation of 150 000 sustainable jobs	Number of projects approved (cumulative)	90	93 projects have been approved
		Value of grant funding approved (cumulative)	R5 000 million	R4 960 000 in grant funding has been approved
		Value of matched funding	R5 500 million	Potential value of matched funding leveraged: R6 105 000
	Contribution to learning and innovation in development, employment creation and inclusive growth	New jobs contracted (cumulative) Placements into existing vacant positions contracted (cumulative)	90 000	Potential number of new jobs contracted 143 914. From inception to date, 17 346 new jobs have been created. Potentially contracted for 55 989 placements into existing vacant positions. From inception to date, there have been 11 328 actual placements into vacant positions.
		Training contracted (cumulative)	120 000	Potentially 160 651 training opportunities contracted, and from inception to date 51 743 beneficiaries have benefitted from training interventions offered by Jobs Fund partners.
		Value of grant funding disbursed (in-year)	R1 200 million	R802 269 grant funding disbursed as at December 2013.
		Jobs Fund evaluation reports documented and learning on effective approaches to job creation disseminated	Three to five project case studies One learning intervention	Jobs Fund Learning Event hosted, first Jobs Fund Jobs Fund Newsletter issued, three project write-ups finalised.
		Employment, income distribution and inclusive growth research project	Establish three research programmes Initiate Econ3x3	All three research programmes have been launched; Econ 3X3 has been implemented and project website has gone live.

PROGRAMME 8
TECHNICAL SUPPORT
 AND DEVELOPMENT FINANCE

MEASURABLE OBJECTIVES AND MEDIUM-TERM OUTPUT TARGETS - PERFORMANCE INFORMATION

Measurable objective: To promote public and private investment in infrastructure and public services by providing technical support for capital expenditure planning and PPPs, advice on financing alternatives for municipal development and financial assistance for neighbourhood development projects.				
SUB-PROGRAMME	OUTPUT	MEASURE/INDICATOR	2013/14 TARGET MILESTONE	ANNUAL PERFORMANCE INFORMATION – 2013/14
Integrated City Development Grant	Assistance to metropolitan municipalities to develop more inclusive, productive built environments	Number of spatial transformation zones identified in participating municipalities	Programme inception: city plans to be developed and targets identified	12 proposed spatial transformation or integration zones have been identified by the metropolitan municipalities aligning with the urban network strategy. These zones are included in the municipalities' draft Built Environment Performance Plans.
		Number of projects within identified zones identified for planning		Eight projects within the integration zones identified for planning.
		Number of integrated city development projects under implementation		Three integrated city development projects under implementation.

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ANNUAL FINANCIAL STATEMENTS



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

NATIONAL TREASURY VOTE 10
ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

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national treasury

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NATIONAL TREASURY VOTE 10 REPORT OF THE AUDIT COMMITTEE

For the year ended 31 March 2014

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2014.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

The audit committee consists of the members listed hereunder and has met as reflected below, in line with its approved terms of reference.

Name of member	*Number of meetings attended
Mr Vuyo Jack (Chairperson)	7 of 7
Ms Octavia Matloa	5 of 6
Mr Hemant Bhoola	5 of 5
Mr Joe Lesejane	5 of 7
Mr Zach Le Roux	6 of 7
Ms Berenice Francis	5 of 7

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 77 and 38(1)(a) of the PFMA and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. The adequacy, reliability and accuracy of the financial information provided to management and other users of such information

The Audit Committee is of the opinion, based on the information and explanations given by management,

the internal auditors, and the Auditor-General on the results of its audits, that the financial information provided to management and other users of such information is adequate, reliable and accurate.

THE EFFECTIVENESS OF INTERNAL CONTROL

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. We can report that the system of internal control for the period under review was generally effective. However, attention is drawn to the following area of concern:

- The Integrated Financial Management System has not been rolled out as per the original timeline. This system is developed in collaboration with DPSA and SITA. Based on the revised approach, the system will be configured and rolled out at lead sites followed by a roll-out to the rest of government.
- The lack of controls in the CIVPEN system to adequately and effectively mitigate the risks associated with administration of pensions by Programme 7.
- The presentation of performance information and its usefulness as indicated in the Auditor General's report.

Other than these matters nothing significant has come to the attention of the Audit Committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

THE EFFECTIVENESS OF INTERNAL AUDIT

The Audit Committee received a wide variety of audit reports from the internal auditors and is of the opinion that internal audit is effective in the fulfillment of their

NATIONAL TREASURY VOTE 10 REPORT OF THE AUDIT COMMITTEE

For the year ended 31 March 2014

mandate. We are satisfied with the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

THE RISK AREAS OF THE INSTITUTION'S OPERATIONS

There is a Risk Management Committee that meets on a regular basis and shares its reports with the Audit Committee. A risk register is kept and updated continuously to ensure that all the major risks facing the programs and entities under the National Treasury are recorded. The risk management system will be subject to internal audit in the coming year.

ACCOUNTING AND AUDITING CONCERNS IDENTIFIED AS A RESULT OF INTERNAL AND EXTERNAL AUDITS

No additional accounting concerns have been reported.

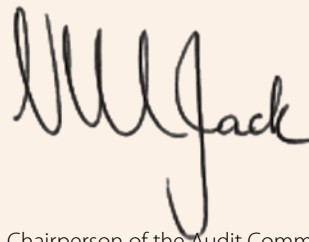
THE INSTITUTION'S COMPLIANCE WITH LEGAL AND REGULATORY PROVISIONS

The Audit Committee has noted the in year management and monthly/quarterly reports submitted in terms of the Act and the Division of Revenue Act and is satisfied with the quality thereof.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has evaluated the annual financial statements of the National Treasury for the year ended 31 March 2014 and, based on the information provided to the Audit Committee, concurs and accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial

statements be accepted and read together with the report of the Auditor-General.



Chairperson of the Audit Committee

Date: 31 July 2014

NATIONAL TREASURY VOTE 10 REPORT OF THE ACCOUNTING OFFICER

For the year ended 31 March 2014

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1 Strategic overview

The role of the National Treasury (NT) is defined in chapter 13 of the Constitution. As set out in the Public Finance Management Act (1999) as well as other laws governing financial and fiscal affairs, the legislative mandate of the NT is to promote the national government's fiscal policy and the coordination of macroeconomic policy; ensure the stability and soundness of the financial system and financial services; coordinate intergovernmental financial and fiscal relations; manage the budget preparation process; and enforce transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities and constitutional institutions.

As custodian of the nation's financial resources, the NT seeks to promote economic development, good governance, and social progress through accountable, economic, efficient and sustainable management of the country's public finances.

During the period under review, government has begun to align its planning and expenditure to the National Development Plan (NDP), Vision 2030. NT holds itself accountable to the nation for promoting inclusive economic growth and long term fiscal sustainability while contributing meaningfully to the NDP objectives of reducing poverty and inequality, and building a capable state that is able to play a developmental and transformative role. Underpinning our strategy to pursue the NDP objectives, NT continues to conduct research on the country's economic climate, fiscal policy considerations and for managing economic and financial risks while supporting economic growth opportunities.

A key priority in the 2013/14 period was to contribute to the NDP objective of accelerating employment creation. The Jobs

Fund has expanded its support for innovative approaches to promoting enterprise development and employment. The Employment Tax Incentive Act (2013) was passed by Parliament in December 2013 and took effect in January 2014, aimed at assisting young people to enter the labour market, gain experience and access job opportunities more readily.

In the face of a constrained fiscal environment, NT has continued to pursue budget efficiencies through focusing on reprioritisation within the existing budget envelope while remaining mindful of critical service delivery imperatives. This has been reinforced through procurement reforms which are aimed at rooting out corruption and wastage while introducing innovative approaches to government procurement. The Office of the Chief Procurement Officer (OCPO) was established as a distinct sub-programme. Its first initiative have included reviews of high value and strategic contracts to ensure that value for money was derived and steps to ensure that all contracts comply with the relevant norms and standards. The OCPO will continue to modernise the procurement system across national, provincial and local spheres of government as well as government entities and agencies to ensure the efficient, effective and transparent use of financial and other resources to improve service delivery.

The newly introduced cost containment measures that were announced by the Minister during the 2013 Medium Term Budget Policy Statement and 2014 Budget Speech will also help the government as a whole to ensure that public funds are spent with great efficiency while at the same time reinforcing accountability in public finance spending. NT remains committed to prioritise infrastructure development to facilitate economic growth and employment. The newly established Government Technical Advisory Service (GTAC) will enhance the Treasury's capacity to support infrastructure projects by providing technical skills and advisory support focused on public private partnerships, project management, infrastructure service delivery and public finance management reforms.

The NT has continued over the past year to advance South Africa's economic, financial and development objectives

NATIONAL TREASURY VOTE 10 REPORT OF THE ACCOUNTING OFFICER

For the year ended 31 March 2014

through participation in multilateral institutions and engagement with regional and global economic and financial forums. Work is underway for the possible establishment of a BRICS led bank and creation of a trade and development insurance risk pool. These initiatives are aimed at co-funding infrastructure in developing regions and establishment of a sustainable alternative insurance network for the BRICS countries, respectively.

More detailed discussions of the activities of the National Treasury are set out in the chapters of this report dealing with programme performance and expenditure.

For a more detailed discussion of the outcome of the aforementioned strategic activities, please refer to the chapters dealing with programme performance included in this report.

1.2 Infrastructure spending

Neighbourhood Development Partnership grant projects

Through the Neighbourhood Development Partnership Programme the NT contributes to creating habitable, sustainable, resilient, efficient and integrated human settlements. Further impetus has been given to this initiative by the new urban networks strategy which locates township development within a wider integrated city planning framework. The grant supports city-wide and precinct level planning, and provides the capital for catalytic infrastructure projects such as public transport and social facilities, public spaces and landscaping.

Capital investment on the Neighbourhood Development Partnership programme had reached R3.5 billion as at 31 March 2014, of which 37.5 per cent was allocated to nodal and corridor upgrading, 25.7 per cent to transport infrastructure, 20.1 per cent to community facilities, 13.5 per cent to small and medium enterprises facilities, 1.6 per cent to utility infrastructure and 1.6 per cent for green efficiencies. In the period under review, the programme had more than 280 approved project plans and in 2012/13, the Neighbourhood Development Partnership programme had completed 129 catalytic projects valued at more than R1 billion as at 31 March 2013.

Large projects

Integrated Financial Management System

The NT continues to develop the integrated financial management system, which will replace its existing legacy systems. Since inception, R768.8 million has been expended on developing the financial management, supply chain management, human resource management, payroll and related business intelligence modules, which have been piloted at lead sites, including National Treasury, the Free State Department of Education and Limpopo Department of Health.

A revised approach on the solution architecture of the system was endorsed by Cabinet in 2013/14. This is aimed at fast tracking completion of the project and may call for an increase in expenditure in the future. However, spending on the project is expected to remain within the R3.2 billion allocated to it. As part of the revision process, a tender was issued in the 2013/14 financial year for the commercial off-the-shelf solution. In order to improve governance and overall performance of the project, a programme management office was established.

1.3 Annual appropriation and vote structure

The total appropriation for the National Treasury for the year ended 31 March 2014 amounted to R25.2 billion (2012/13: R21.1 billion) and is divided into the following main components: the operational budget, transfers and payments for financial assets. Operational budget amounted to R1.6 billion (2012/13: R1.5 billion), and comprised R658 million (2012/13: R615 million) for compensation of employees, R942 million (2012/13: R894 million) for goods and services and R33 million (2012/13: R34 million) for the acquisition of capital assets.

The transfers budget of R20.7 billion (2012/13: R19.4 billion) included transfers to municipalities, universities, departmental agencies and foreign institutions; and payments of post-retirement benefits for a specific category of former employees and members of liberation movements. The remaining funding of R2.9 billion (2012/13: R200 million) was for the recapitalisation of the Post Bank and Development Bank of Southern Africa.

NATIONAL TREASURY VOTE 10 REPORT OF THE ACCOUNTING OFFICER

For the year ended 31 March 2014

1.4 Virement

A virement of R 21.7 million from Programme 1 was utilised to curb the over-spending on Programme 7 to supplement payment for the Non-Statutory Forces liability (R20.9 million) and compensation of employees for Programme 8 (R726 000). Another virement of R5.7 million from Programme 3 was done to further supplement the payment for the Non-Statutory Forces in Programme 7. Finally, a virement of R1.8 million from Programme 5 to 6 was utilised to curb overspending on goods and services. The virements were approved by the Accounting Officer.

1.5 Programme structure

There are ten programmes which fall under Vote 10: The National Treasury; *Administration*; *Economic Policy, Tax and Financial Regulation and Research*; *Public Finance and Budget Management*; *Asset and Liability Management*; *Financial Systems and Accounting*; *International Financial Relations*; *Civil and Military Pensions*; *Contributions to Funds and Other Benefits*; *Technical Support and Development Finance*; *Revenue Administration*; and *Finance Intelligence and State Security*.

Refer to the Notes to the Appropriation Statement for the reasons for variances between the financial appropriation and actual expenditure.

Administration provides leadership and strategic management, and continues its commitment to and responsibility for the overall institutional management of and support to the entire department. This is achieved by ensuring that activities carried out by the department are in harmony with its strategy and structure and in compliance with the relevant legislation and best practices. The programme consists of the *Ministry*, *Departmental Management*, *Corporate Services*, *Enterprise Wide Risk Management*, *Financial Administration*, *Legal Services*, *Internal Audit*, *Communications* and *Office Accommodation*.

The total appropriation for this programme amounted to R335 million (2012/13: R320 million). Expenditure incurred on compensation of employees was R144 million (2012/13:

R132 million), goods and services R154 million (2012/13: R147 million), transfers R3.5 million (2012/13: R2.6 million) and capital expenditure R17 million (2012/13: R14 million).

Economic Policy, Tax, Financial Regulation and Research provides specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector and regulatory reform in order to promote economic growth, employment and macroeconomic stability. The programme also focuses on policy formulation and the drafting of legislation in support of government's economic policy. The programme consists of five sub-programmes: *Management*, *Research*, *Financial Sector Policy*, *Tax Policy* and *Economic Policy*.

The total appropriation for this programme amounted to R134 million (2012/13: R123 million). Expenditure incurred on compensation of employees was R67 million (2012/13: R62 million), goods and services R30 million (2012/13: R22 million), transfers R27 million (2012/13: R26 million) and capital assets R0.4 million (2012/13: R0.5 million).

Public Finance and Budget Management provide analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities. It manages the annual budget process and provides public finance management support. These activities are organised into three sub-programmes: *Public Finance*, *Budget Management* and *Intergovernmental Relations*.

The total appropriation for this programme amounted to R226 million (2012/13: R241 million). Current expenditure incurred totalled R171 million (2012/13: R182 million) and mainly consisted of compensation of employees R144 million (2012/13: R141 million) and goods and services R27 million (2012/13: R41 million). Transfers amounted to R41 million (2012/13: R38 million). Payment for capital assets amounted to R0.9 million (2012/13: R1.2 million).

Asset and Liability Management is responsible for managing government's annual funding programme in a manner that ensures access to global and domestic markets, prudent

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cash management and an optimal portfolio of debt and other fiscal obligations. It is also responsible for exercising effective oversight over state-owned enterprises to enable the achievement of government's policy objectives in a financially and fiscally sustainable manner. There are six sub-programmes: *Programme Management, Oversight and Governance of State Owned Enterprises, Government Debt Management, Financial Operations, Strategy and Risk Management and Financial Investments.*

The total appropriation amounted to R3 billion (2012/13: R283 million). Total expenditure incurred amounted to R3 billion (2012/13: R278 million) and mainly consisted of compensation of employees R63 million (2012/13: R58 million), goods and services R23 million (2012/13: R20 million) and payments for capital expenditure R0.4 million (2012/13: R0.5 million). Payment for financial assets amounted to R2.9 billion (2012/13: R200 million).

Financial Accounting and Supply Chain Management Systems promotes and enforces transparency, economic and effective management of revenue, expenditure, and assets and liabilities and supply chain processes in the public sector. It also provides policy that regulates supply chain management processes and financial management; monitors and enhances compliance in respect of supply chain management processes in all spheres of government; facilitates and manages transversal term contracts; and maintains and improves existing financial systems by replacing out-dated systems to comply with the Public Finance Management Act (PFMA) (1999) and the Generally Recognised Accounting Practice (GRAP). There are seven sub-programmes: *Management, Office of Chief Procurement Officer, Financial Systems, Financial Reporting for National Accounts, Financial Management Policy and Compliance Improvement, Audit Statutory Bodies and Service Charges: Commercial Banks.*

The total appropriation for this programme amounted to R733 million (2012/13: R686 million). Current expenditure incurred totalled R621 million (2012/13: R564 million) and comprised compensation of employees R150 million (2012/13: R136 million) and goods and services R472 million (2012/13:

R428 million). Capital expenditure amounted to R2 million (2012/13: R2.8 million). Transfer payments amounted to R84 million (2012/13: R73 million).

International Financial Relations facilitates the deepening of South Africa's role in regional and international economic integration and advances South Africa's national economic interests through regular strategic analysis, engagement and negotiation at financial and economic forums. The programme relates to Programme 6 and is made up of a single division, *International and Regional Economic Policy (IREP)*, with two chief directorates: International Finance and Development (IFD) and Africa Economic Integration (AEI). The programme is made up of five sub-programmes: *Management, International Economic Cooperation, African Integration and Support, International Development Funding Institutions and International Projects.*

The total appropriation for this programme amounted to R1.1 billion (2012/13: R1 billion). Total expenditure incurred amounted to R1.1 billion (2012/13: R1 billion) and consisted of compensation of employees R22 million (2012/13: R21 million) and goods and services R21 million (2012/13: R9 million). Transfer payments amounted to R1 billion (2012/13: R973 million). Payment for capital assets amounted to R0.2 million (2012/13: R0.1 million).

Civil and Military Pensions, Contributions to Funds and Other Benefits provides for non-contributory pensions and post-retirement medical benefits to former government employees and retired members of the military, and the payment of compensation benefits to government employees in respect of temporary, total or partial disablement.

The total appropriation for this programme amounted to R3.5 billion (2012/13: R3.3 billion). Expenditure for the period under review amounted to R3.5 billion (2012/13: R3.3 billion) which comprised civil pensions and other contributions R2.7 billion (2012/13: R2.6 billion) and military pensions and other contributions R792 million (2012/13: R547 million). Goods and services amounted to R58 million (2012/13: R50 million).

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Technical Support and Development Finance comprises five-sub programmes: *Technical and Advisory Support*, *Local Government Financial Management Grant*, *Municipal Finance Improvement Programme (MFIP)*, *Neighbourhood Development Partnership Grant (NDPG)*, *Infrastructure Delivery Improvement Programme (IDIP)* and *Employment Creation Facilitation Fund (ECFF)*. The Technical and Advisory Support component of this programme includes the Public-Private Partnership Unit and the Technical Assistance Unit, which will move into the newly established government component, the Government Technical Advisory Centre (GTAC), during 2014.

The total appropriation for this programme amounted to R2.5 billion (2012/13: R2 billion). Expenditure for the period under review amounted to R2.5 billion (2012/13: R2 billion) which comprised compensation of employees R43 million (2012/13: R40 million) and goods and services R109 million (2012/13: R104 million). Transfer payments amounted to R2.3 billion (2012/13: R1.9 billion).

Revenue Administration makes transfers to allow the South African Revenue Service to provide core tax administration services and maintain the information technology (IT) services that support operations. Activities include branch operations, tax payer audits, call centre operations, processing operations, debt management and IT support.

The total appropriation for this programme amounted to R9.5 billion (2012/13: R9.1 billion) which represents total transfers made to the South African Revenue Service.

Financial Intelligence and State Security transfers funds to the Financial Intelligence Centre and Secret Services to combat financial crime including money laundering and terror financing activities, and to gather intelligence for purposes of national security, defence and combating crime. The total appropriation for this programme amounted to R4.2 billion (2012/13: R4 billion) which comprises transfers made to the Secret Services R3.9 billion (2012/13: R3.8 billion) and Financial Intelligence Centre R241 million (2012/13: R197 million).

1.6 Departmental revenue

Departmental revenue received during the reporting period amounted to R3.7 billion (2012/13: R4.2 billion) and consisted of sales of goods and services of R73 million (2012/13: R54 million), fines, interest and dividends R2.6 billion (2012/13: R3.2 billion) and other recoveries R1 billion (2012/13: R0.9 million).

For more details on departmental revenue, please refer to Note 2 of the Notes to the Annual Financial Statements.

1.7 Utilisation of donor funds

Local and foreign assistance received in cash during the reporting period amounted to R96 million (2012/13: R28 million). Expenditure incurred amounted to R55 million (2012/13: R26 million). Other donor funds amounting to R1,2 million (2012/13: R3 million) were transferred to external spending agencies on behalf of the Reconstruction and Development Fund, but were not disclosed in the annual financial statements because the Department was acting as a conduit to channel the funds between the donors and the spending agencies.

1.8 Events after the reporting date

Payments amounting to R39.1 million (2012/13: R50 million) relate to the 2013/14 financial year were processed during April 2014. These payments were not included in the annual financial statements for the 2013/14 financial year, which are prepared on the modified cash basis of accounting (refer to Note 22). Departmental revenue amounting to R235 million (2012/13: R243 million) was received after year-end and surrendered to the National Revenue Fund (refer to Note 25). Contract commitments amounting to R11.4 million (2012/13: R12.5 million) were entered into after 31 March 2014. There were no non-adjusting events identified after reporting date.

1.9 Service rendered by the department

With the exception of Programme 7 which provides pensions and post retirement civil and military benefits, the core business of the National Treasury is of a fiscal and financial

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policy nature, servicing organs of the state in all three spheres of government and foreign multilateral and national institutions. The National Treasury is not a service delivery department and does not render any services in the public domain on a recoverable basis.

Other technical assistance is disclosed with the Project Development Facility (PDF) and the Technical Assistance Unit (TAU) trading entities which will be moved into the Government Technical Advisory Centre (GTAC) in the 2014/15 financial year.

2. CAPACITY CONSTRAINTS

The Talent Management framework has been entrenched within the National Treasury. The Department's focus over the past three years has been to reduce the vacancy rate as well as turnaround times. In 2013/14, a vacancy rate of 10.1% was achieved as well as a turnaround time of 14 weeks to fill vacant positions. In addressing the challenges with the turnaround times, the Department has enlisted the services of LexisNexis Risk Management for qualification verifications, and internal processes have been reviewed to ease the burden of administrative and manual processing of applications. The termination rate and internal hire rate have had an impact on the overall vacancy rate. The focus has been to increase internal mobility/promotions of staff. This has left pressure to replace and train staff to avoid having a skills gap at the entry and middle management levels. 7% of the National Treasury workforce was promoted as well as 0.50% of lateral transfers.

There has also been improvement in equity representation with female representation at senior management service (SMS level) currently at 45.6% compared with the national target of 50%. This is an improvement of 3% compared to the previous financial year where the target reached was 42%.

The Department still faces challenges with recruiting employees with disabilities. The target reached is 1% against the 2% national target. Having partnered with a recruitment agency that recruits persons with disabilities, referrals have been minimal, and disclosure by existing staff has been limited.

The Department has implemented targeted learning and development programmes to equip employees across the National Treasury with skills and knowledge required for their roles. These programmes are also aimed at ensuring that managers perform effectively in their day-to-day operations. 62% of employees across all levels participated in learning and development programmes, of which 32% were SMS members participating in the programmes. The Department's Graduate Development Programme has resulted in an additional 48 interns being recruited with 31 interns being appointed into permanent positions.

Significant organisational design work has been carried out to establish the Office of the Chief Procurement Officer (OCPO). The department is in the process of building the capacity within the OCPO to deliver on its mandate to oversee and support procurement matters across the public sector.

3. ORGANISATIONS TO WHICH TRANSFER PAYMENTS HAVE BEEN MADE

Funds to public entities and other institutions in terms of various legal provisions governing financial relations between government and those institutions are made available through various programmes. Refer to Annexures 1A to 1H. There were no accounting arrangements in place regarding transfer payments in the financial year ended 31 March 2014.

4. CORPORATE GOVERNANCE ARRANGEMENTS

4.1 Internal audit function

In the period under review, the Internal Audit Function (IAF) of the National Treasury continued to fulfill its mandate to provide an independent, objective assurance and consulting activity that is designed to add value and improve the National Treasury organisation's operations. The IAF assisted the National Treasury to accomplish its objectives by bringing a systematic and disciplined

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approach to evaluating and improving the effectiveness of risk management, control and governance within the department. The function operates in accordance with an approved Internal Audit Charter. The IAF is guided by a fully functional Audit Committee which operates in terms of an approved Audit Committee terms of reference. The IAF continues to monitor its human capital and ensures that there are processes in place to make sure that existing staff obtain appropriate qualifications.

The IAF through engagement with internal stakeholders formulated a comprehensive three-year rolling plan, incorporating an annual plan that was approved by the Audit Committee. The annual audit plan of 56 planned audits was fully executed during the year under review with the assistance of a co-sourced service provider. The IAF also performed 15 consulting activities, and relationships with management improved as evidenced by the number of unplanned specialised audits which, in turn, indicate that management sees the value of the IAF within its system of governance. Furthermore, the IAF has successfully implemented a revised operating model that made provision for in-house audit resource capacity in the regularity, performance, information technology, compliance and quality assurance audit domains. The head of the IAF has complete access and a direct reporting line to the Audit Committee and reports at each audit committee meeting on control weaknesses and other internal audit activities.

4.2 Audit Committee

The Audit Committee continues to operate within its written terms of reference, which are reviewed annually. The Audit Committee met six times during the financial year under review. In these meetings, the Accounting Officer and executive management were always represented. The Auditor-General is always invited to attend, thus ensuring that such meetings are as effective and transparent as possible.

4.3 Risk management

The risk management culture within The National Treasury has continued to improve, with management taking an active role in implementing risk management principles in the department's day to day activities. The Enterprise

Risk Management Strategy was successfully implemented during the year.

The Chief Risk Officer championed good governance practices through representation on key governance committees, and the direct reporting line to the Accounting Officer continues to create a strong tone at the top. The benefits of risk management were continuously communicated through ongoing awareness campaigns promoting the embedding of risk management principles and processes within the department. The department refined its risk profile which is actively monitored by the Risk Management Committee and the Audit Committee. The profile includes strategic, operational, corruption and business continuity risks and forms the basis for the department's internal audit plans.

The department supported and monitored the successful implementation of its anti-corruption plan and encouraged strong ethical values from all of its employees. The anti-corruption plan is implemented across numerous functions and results in a multi-dimensional approach to mitigating identified corruption risks and combating corruption holistically. The National Treasury has a zero tolerance stance on corruption and the mitigation of identified corruption risks receives on-going support at all levels.

The Risk Management Committee met four times during the year under review, and continues to provide objective oversight and advice on the institutionalisation of risk management, business continuity and anti-corruption processes throughout the department.

4.4 Internal policy review

In the period under review, the revised Terms of Reference for the Governance Review Committee (GRC) were approved in order to improve and enhance the operations of the committee. The mandate of the GRC is to review, assess and evaluate departmental corporate governance instruments to facilitate:

- Efficiency and effectiveness in the department's operations;
- Proper safeguarding of departmental assets;
- Reliability of financial reporting; and
- Compliance with statutory requirements.

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The GRC met three times during the past financial year and managed to review nine corporate governance policy documents. The need to streamline processes and improve communication and technology is still a major challenge, despite the GRC's continued effort to strengthen good governance.

4.5 Other governance matters

4.5.1 Integrated sustainability management

The National Treasury recognises that strategy, risk, performance and sustainability are inseparable, as outlined in the King III best practices, and that the organisation is and is seen to be a responsible corporate citizen. The National Treasury views sustainability as a business practice which creates value for stakeholders through managing environmental, social and governance factors impacting on the department's ability to achieve sustainable service delivery to its stakeholders.

The National Treasury acknowledges the importance of reporting the results of its operations in a way that brings together information about the department's strategy, governance, and performance and future prospects while reflecting the commercial, social and environmental context within which it operates.

In the period under review, the National Treasury has continued to emphasise the importance of embedding the management of environmental and sustainable development issues in its core business. The department has already integrated sustainability aspects in its strategic objectives which are reported in chapters dealing with programme performance included as parts of this report and the human resource report to provide a unified view on the performance of the department.

The sustainability agenda for the National Treasury will continue to aim at delivering a high quality service that impacts positively on the stakeholders while aiming at being a responsible corporate citizen. The National Treasury will continue to be responsive to the changing environment and expectations of the stakeholders with a view to making a meaningful contribution to the betterment of the lives of the people and the improvement of the country's economy.

At the core of its sustainability agenda, the department has recognised the need to be cost efficient and environmentally friendly to ensure that its resources are used efficiently and in a socially and environmentally responsible manner. To this end, cost-saving initiatives and green practices are being gradually introduced into business practices. To ensure this, certain key cost drivers have been monitored in the past financial year to measure performance against the sustainability agenda. The results show that paper consumption has been reduced by 17 per cent, the number of flights booked has been reduced by 7.5 per cent, car rentals have been reduced by 25.4 per cent and business travel accommodation by 11.6 per cent.

3.4.2 Operational controls

The Supply Chain Management Enhancement Project has progressed very well and the implementation of its outcomes have begun to make a visible contribution towards operational efficiency and good governance within the department. The National Treasury is committed to monitoring the implementation of the project to ensure that corrective action is taken promptly against any identified discrepancies and keep the supply chain function responsive to the strategic needs of the department. Amongst the key initiatives in the period under review was the development of the Internal Control Framework which is aimed at ensuring:

- the reliability and integrity of financial and operational information
- the effectiveness of operations
- safeguarding of assets
- compliance with laws, regulations and controls.

5. ASSET MANAGEMENT

In terms of sub-section 38(1) (b) of the Public Finance Management Act as amended, the Accounting Officer for the Department is responsible for the effective, efficient, economical and transparent use of the resources of the Department.

In addition to the normal day-to-day administration and management of the National Treasury's asset register, the department's Asset Management unit undertook several

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For the year ended 31 March 2014

key activities to improve the overall asset management environment of the department. These activities are as follows:

5.1 Asset verification

The Asset Management unit continued to manage the asset verification internal, utilising temporary staff to assist in the process. The internal process benefited the organisation through cost savings, created opportunities for skills development and provided hands on knowledge and awareness on asset management matters. Overall coverage for asset verification in the 2013/14 financial period was 94%, an improvement of 2% compared to the 92% coverage in the 2012/13 financial year. Focus in 2014/15 annual asset verification is to ensure that business declare and withdraw from service any unused or assets broken beyond economical repair.

The Asset Management unit seeks to drive a collaborated process through effective verification and disposal process, by identifying and removing redundant to a demarcated disposal area. Innovatively and with the intention to enhance the culture of ownership of the assets amongst our staff, Asset Management unit intends to develop and introduce an internally built system on the department's intranet where employees will verify assets in their possession. This will supplement the work that will be done during the 2014/15 asset verification and possibly produce more savings by requiring less man hours for asset verification.

5.2 Asset disposal

During the 2013/14 financial year, the Asset Management unit, in line with the National Treasury's Asset Management Disposal policy, Treasury Regulations and the King III Code of Corporate Governance report pertaining to corporate social responsibility, managed to dispose redundant and obsolete assets as follows:

- Donated 184 computer desktops to state-owned educational institutions: Repelego Primary, Moime Primary, Langutani Senior Primary, Modiselle Senior Primary and Thutong Secondary. The schools are situated in semi-rural areas where there is a need for such computer equipment;

- Donated 10 computer desktops to Child Soul Care Centre and one computer to Garankuwa Sunshine Hospice HIV&AIDS Centre in support of Mandela Day;
- Sold 504 scrap electronic assets to a recycler of redundant electronic equipment through a bidding process; and
- Identified and disposed of 123 assets through a bid process to National Treasury staff members. These consisted of computer equipment, kitchen appliances, office machinery and equipment and a motor vehicle. During the process, revenue amounting to R210 167.18 was collected including revenue for scrapped items.

The department will continue to support needy communities in the 2014/15 financial year.

5.3 Acquisition of ICT assets

The department continues to follow supply chain management processes in the acquisition of assets. The Information Communication Technology Procurement Committee (ICTPC) is mandated to ensure efficient and effective procurement and utilisation of state resources for ICT related asset. The committee consists of Financial Management, Information Technology and Security Management. The committee enforces internal control measures to ensure accountability and eliminate wasteful expenditure. In the 2013/14 financial year, the ICTP committee monitored the bulk buying initiative that was introduced in 2012/13 to ensure continuity and economic use of state funds.

6. INFORMATION ON PREDETERMINED OBJECTIVES

Divisional heads reported to the Director-General on a quarterly basis on the progress made with regard to programme delivery and measurable objectives, as contained in the National Treasury's Strategic Plan and the annual performance plan. These were also incorporated in an internal management report; detailed information on predetermined objectives is included on pages 32 to 133 of this report.

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7. SCOPA RESOLUTIONS

The committee recommended in a report dated 9 May 2013 that the executive authority should submit a progress report to SCoPA on the implementation of controls for material impairments and under-spending of the vote.

8. EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

There were no exemptions or deviations received for the period under review.

9. INTERIM FINANCIAL STATEMENTS

Interim financial statements were issued for various quarters of the financial year that depicted a true and fair view of the financial performance, financial position, changes in net assets and cash flows of the department at the end of each quarter. The interim financial statements were prepared on a modified cash basis of accounting and the National Treasury-determined Framework as prescribed in the PFMA and Treasury Regulations and the relevant guidelines issued by the National Treasury.

10. APPROVAL

The Annual Financial Statements set out on pages 134 to 306 have been approved by the Accounting Officer.



Lungisa Fuzile

Director-General
National Treasury

ANNUAL

REPORT 2013/14

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT

For the year ended 31 March 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

PUBLISHED BY AUTHORITY



NATIONAL TREASURY VOTE 10 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT

For the year ended 31 March 2014

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the National Treasury set out on pages 155 to 210, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Treasury as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard and the requirements of the PFMA and DoRA.

ADDITIONAL MATTER

I draw attention to the matter below. My opinion is not modified in respect of this matter:

UNAUDITED SUPPLEMENTARY SCHEDULES

7. The supplementary information set out on pages 211 to 247 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters:

PREDETERMINED OBJECTIVES

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
 - Programme 2: Economic Policy, Tax, Financial Regulation and Research on pages 39 to 45
 - Programme 3: Public Finance and Budget Management on pages 46 to 73
 - Programme 5: Financial Systems and Accounting on pages 88 to 107
 - Programme 7: Civil and Military Pension Contributions to Funds and Other Benefits on pages 119 to 123
 - Programme 8: Technical Support and Development Finance on pages 124 to 133
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting

principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the selected programmes are as follows:

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

Usefulness of reported performance information

12. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 100% of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of review of the presentation of the annual performance report by management.
13. The FMPPI requires the following:
 - Performance targets must be specific in clearly identifying the nature and required level of performance, it must be measurable and the period or deadline for delivery of targets must be specified; and
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use.

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The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions and documented system descriptions.

Reliability of reported performance information

14. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the department could not provide sufficient, appropriate evidence in support of the reported performance information.

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

Usefulness of reported performance information

15. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 75% of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of review of the presentation of the annual performance report by management.
16. The FMPPI requires the following:
- Performance targets must be specific in clearly identifying the nature and required level of performance; They must be measurable and the period or deadline for delivery of targets must be specified; and
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use.

The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions and documented system descriptions.

Reliability of reported performance information

17. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the department could not provide sufficient, appropriate evidence in support of the reported performance information.

PROGRAMME 5: FINANCIAL SYSTEMS AND ACCOUNTING

Usefulness of reported performance information

18. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 74% of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of review of the presentation of the annual performance report by management.
19. The FMPPI requires the following:
- Performance targets must be specific in clearly identifying the nature and required level of performance; They must be measurable and the period or deadline for delivery of targets must be specified; and
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use.

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The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions and documented system descriptions.

Reliability of reported performance information

20. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the department could not provide sufficient, appropriate evidence in support of the reported performance information.

PROGRAMME 7: CIVIL AND MILITARY PENSION CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

Usefulness of reported performance information

21. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 100% of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of review of the presentation of the annual performance report by management.

22. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance; They must be measurable and the period or deadline for delivery of targets must be specified; and
- Performance indicators must be well defined by having

clear data definitions so that data can be collected consistently and is easy to understand and use.

The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions and documented system descriptions.

Reliability of reported performance information

23. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the department could not provide sufficient, appropriate evidence in support of the reported performance information.

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE

Usefulness of reported performance information

24. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 100% of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of review of the presentation of the annual performance report by management.

25. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of

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For the year ended 31 March 2014

performance; They must be measurable and the period or deadline for delivery of targets must be specified; and

- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use.

The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions and documented system descriptions.

Reliability of reported performance information

26. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the department could not provide sufficient, appropriate evidence in support of the reported performance information.

Additional matter

I draw attention to the following matter:

Achievement of planned targets

27. Refer to the annual performance report on pages 32 to 133 for information on the achievement of the planned targets for the year.

COMPLIANCE WITH LEGISLATION

I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My

findings on material non-compliance with specific matters in key legislation, as set out in the *General Notice* issued in terms of the PAA, are as follows:

Annual financial statements

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) of the PFMA. The auditors identified material misstatements in the submitted financial statements in respect of various disclosure notes, which management subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report:

LEADERSHIP

Oversight responsibility regarding reporting and compliance

29. The oversight processes implemented by management in respect of the annual financial statements and performance information were inadequate.

Action plans to address internal control deficiencies

30. The department developed a plan to address internal and external audit findings, but the appropriate level of management did not timeously monitor adherence to the plan.

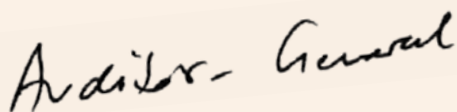
NATIONAL TREASURY VOTE 10 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT

For the year ended 31 March 2014

OTHER REPORTS

INVESTIGATIONS

31. An investigation was conducted by the Public Service Commission (PSC) based on an allegation received by their office in terms of the irregular appointment of service providers by the National Treasury. The PSC presented a draft investigation report to the Deputy Minister of Finance. At present, the National Treasury is awaiting the final report.
32. Alleged irregularities with respect to supply chain management processes at the Government Pensions Administration Agency have been referred to the National Treasury's Specialised Audit Services unit for further investigation.
33. Allegations of receiving kickbacks, bribes and entertainment have been referred to the National Treasury's Specialised Audit Services unit for further investigation.



Auditor-General

Pretoria

7 August 2014

NATIONAL TREASURY VOTE 10 ACCOUNTING POLICIES

For the year ended 31 March 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

3. PRESENTATION CURRENCY

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. ROUNDING

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. FOREIGN CURRENCY TRANSLATION

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt and end March 2014 for disclosure purposes.

6. CURRENT YEAR COMPARISON WITH BUDGET

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. REVENUE

7.1 Appropriated funds

Appropriated funds comprise of departmental allocations but exclude direct charges against the revenue fund (i.e. statutory appropriations), which are reported and audited separately as part of the consolidated annual financial statements. This includes extra-ordinary receipts.

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

NATIONAL TREASURY VOTE 10 ACCOUNTING POLICIES

For the year ended 31 March 2014

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

8. EXPENDITURE

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department. Accrued expenditure payable is measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. AID ASSISTANCE

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be

NATIONAL TREASURY VOTE 10 ACCOUNTING POLICIES

For the year ended 31 March 2014

refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. PREPAYMENTS AND ADVANCES

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12. LOANS AND RECEIVABLES

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13. INVESTMENTS

Investments are recognised in the statement of financial position at cost.

14. IMPAIRMENT OF FINANCIAL ASSETS

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15. PAYABLES

Loans and payables are recognised in the statement of financial position at fair value.

16. CAPITAL ASSETS

16.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

NATIONAL TREASURY VOTE 10 ACCOUNTING POLICIES

For the year ended 31 March 2014

16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

17. CAPITAL RESERVES / NET ASSETS

Net assets are determined as the residual interest in the assets of the department after deducting its liabilities. Net assets comprise of capital reserves, recoverable revenue, retained funds and revaluation reserves.

18. PROVISIONS AND CONTINGENTS

18.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

18.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

NATIONAL TREASURY VOTE 10 ACCOUNTING POLICIES

For the year ended 31 March 2014

18.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

18.4 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

19. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. IRREGULAR EXPENDITURE

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

22. RELATED PARTY

Related party includes all entities that are subject to common control, i.e. falling under the Minister of Finance. Related party transactions are disclosed in the notes and include transfer of resources, services or obligations between the Department and a related party, regardless of whether a price is charged.

23. AGENT-PRINCIPAL ARRANGEMENTS

Government Pensions Administration Agency render administrative services on behalf of the National Treasury with respect to Post-Retirement Medical subsidies as provided for and regulated by the Public Service Coordinating Bargaining Council resolutions; Military Pensions in terms of the Military Pensions Act, 1976 (Act No. 84 of 1976); Injury on Duty payments in terms of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993); Special Pensions in terms of the Special Pensions Act 1996 (Act No. 69 of 1996); other pensions in relation to Judges, former State Presidents, Magistrates and Parliamentary Office Bearers in terms of relevant legislations; and other administration as agreed between the Parties and specified in the Administration Agreement. Refer to note 35 to the financial statements.

NATIONAL TREASURY VOTE 10
ACCOUNTING
POLICIES

For the year ended 31 March 2014

24. CHANGES IN ACCOUNTING ESTIMATES

Change in estimates is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. The nature and amount of a change in an accounting estimate that has an effect in the current period is disclosed in the notes.

25. PRIOR PERIOD ERRORS

There were no errors corrected in the current period.

26. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

There were no non-adjusting events after the reporting date.

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

Appropriation per programme	2013/14							2012/13	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	327,086	(140)	(21,609)	305,337	298,582	6,755	97.8%	290,598	279,812
	3,916	140	-	4,056	3,540	516	87.3%	2,788	2,635
	25,427	-	(51)	25,376	17,200	8,176	67.8%	26,481	14,292
	-	-	-	-	274	(274)	-	-	4
	356,429	-	(21,660)	334,769	319,596	15,173	95.5%	319,867	296,743
2. Economic Policy, Tax, Financial Regulation and Research	106,839	(304)	-	106,535	97,123	9,412	91.2%	95,655	84,521
	26,231	304	-	26,535	26,531	4	100.0%	26,193	26,191
	854	-	-	854	442	412	51.8%	660	522
	-	-	-	-	1	(1)	-	-	-
	133,924	-	-	133,924	124,097	9,827	92.7%	122,508	111,234
3. Public Finance and Budget Management	189,241	(526)	(5,650)	183,065	170,531	12,534	93.2%	201,500	181,661
	40,798	526	-	41,324	41,317	7	100.0%	38,102	38,095
	1,245	-	-	1,245	863	382	69.3%	1,825	1,231
	-	-	-	-	8	(8)	-	-	65
	231,284	-	(5,650)	225,634	212,719	12,915	94.3%	241,427	221,052
4. Asset and Liability Management	88,317	(63)	-	88,254	85,385	2,869	96.7%	82,066	77,684
	41	63	-	104	102	2	98.5%	45	44
	636	-	-	636	430	206	67.6%	696	474
	2,905,000	-	-	2,905,000	2,905,005	(5)	100.0%	200,000	200,003
	2,993,994	-	-	2,993,994	2,990,922	3,072	99.9%	282,807	278,205
5. Financial Systems and Accounting	646,476	(258)	(1,800)	644,418	621,054	23,365	96.4%	610,015	563,627
	84,170	303	-	84,473	84,453	20	100.0%	72,885	72,881
	4,077	(45)	-	4,032	2,067	1,965	51.3%	3,435	2,833
	-	-	-	-	198	(198)	-	-	5
	734,723	-	(1,800)	732,923	707,772	25,151	96.6%	686,335	639,346
6. International Financial Relations	41,750	(9)	1,800	43,541	42,551	990	97.7%	31,036	29,771
	1,049,991	9	-	1,050,000	1,024,930	25,070	97.6%	1,010,543	973,151
	244	-	51	295	258	37	87.7%	190	129
	-	-	-	-	-	-	-	-	-
	1,091,985	-	1,851	1,093,836	1,067,739	26,097	97.6%	1,041,769	1,003,051

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

Appropriation per programme	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7. Civil and Military Pensions, Contributions to Funds and Other Benefits									
	51,857	-	5,650	57,507	57,507	-	100.0%	49,742	49,741
	3,445,174	-	20,883	3,466,057	3,465,577	480	100.0%	3,302,018	3,168,767
	-	-	-	-	-	-	-	-	-
	-	-	-	-	14	(14)	-	-	125,095
	3,497,031	-	26,533	3,523,564	3,523,098	466	100%	3,351,760	3,343,603
8. Technical Support and Development Finance									
	170,591	(60)	726	171,257	151,293	19,964	88.3%	148,217	143,418
	2,312,534	60	-	2,312,594	2,300,483	12,111	99.5%	1,850,409	1,850,408
	824	-	-	824	387	437	47.0%	1,010	416
	-	-	-	-	3	(3)	-	-	49
	2,483,949	-	726	2,484,675	2,452,166	32,509	98.7%	1,999,636	1,994,291
9. Revenue Administration									
	9,534,393	-	-	9,534,393	9,534,393	-	100%	9,149,374	9,149,374
	9,534,393	-	-	9,534,393	9,534,393	-	100%	9,149,374	9,149,374
10. Financial Intelligence and State Security									
	4,174,554	-	-	4,174,554	4,174,554	-	100.0%	3,982,121	3,982,121
	4,174,554	-	-	4,174,554	4,174,554	-	100.0%	3,982,121	3,982,121
	25,232,266	-	-	25,232,266	25,107,057	125,209	99.5%	21,177,604	21,019,020
Reconciliation with Statement of Financial Performance	Add:								
	Departmental receipts			3,687,531				4,201,708	
	Direct Exchequer receipts			-				-	
	NRF receipts			96,052				27,844	
	Aid assistance			29,015,849				25,407,156	
	Actual amounts per Statement of Financial Performance (total revenue)								
	Add:								
Aid assistance					55 288			26,399	
Actual amounts per Statement of Financial Performance (total expenditure)					25,162,345			21,045,419	

Payments of financial assets where there is no appropriated amount relates to write off of irrecoverable debts, losses and/or damages to state assets.

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

APPROPRIATION PER ECONOMIC CLASSIFICATION

Economic classification	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees	659,487	(1,405)	-	658,082	631,541	26,541	96.0%	614,675	589,747
Goods and services	962,670	45	(20,883)	941,832	892,484	49,348	94.8%	894,154	820,487
Transfers and subsidies									
Provinces and municipalities	1,161,339		-	1,161,339	1,149,233	12,106	99.0%	1,056,345	1,056,345
Departmental agencies and accounts	13,977,158		-	13,977,158	13,976,884	274	100.0%	13,396,933	13,396,786
Higher education institutions	10,000		-	10,000	10,000	-	100.0%	9,000	9,000
Foreign governments and international organisations	1,052,016		-	1,052,016	1,026,928	25,088	97.6%	1,012,713	974,627
Public corporations and private enterprises	1,024,603		-	1,024,603	1,024,603	-	100.0%	655,502	655,502
Non-profit institutions	-		-	-	-	-	-	85	-
Households	3,446,686	1,405	20,883	3,468,974	3,468,233	741	100.0%	3,303,900	3,171,408
Payments for capital assets									
Buildings and other fixed structures	5,000		-	5,000	-	5,000		5,002	615
Machinery and equipment	28,307	(45)	-	28,262	21,648	6,614	76.6%	29,295	19,282
Software & other intangible assets ¹	-	-	-	-	-	-	-	-	-
Payments for financial assets	2,905,000		-	2,905,000	2,905,503	(503)	100.0%	200,000	325,221
Total annual appropriation per economic classification	25,232,266	-	-	25,232,266	25,107,057	125,209	99.5%	21,177,604	21,019,020

¹ Amount of R194,671 million spent on IPMS development was reclassified from payment of capital assets to goods and services in line with the SITA Act. These amounts are transferred to SITA annually.

NATIONAL TREASURY VOTE 10

APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 1: ADMINISTRATION

Programme 1 per Economic classification	2013/14							2012/13	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees	146,765	(140)	(726)	145,899	144,304	1,595	98.9%	135,998	132,490
Goods and services	180,321	-	(20,883)	159,438	154,278	5,160	96.8%	154,600	147,322
Transfers and subsidies									
Departmental agencies and accounts	2,140	-	-	2,140	1,866	274	87.2%	680	533
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Households	1,776	140	-	1,916	1,674	242	87.4%	2,108	2,102
Payments for capital assets									
Buildings and other fixed structures	5,000	-	-	5,000	-	5,000		5,002	615
Machinery and equipment	20,427	-	(51)	20,376	17,199	3,177	84.4%	21,479	13,677
Payments for financial assets	-	-	-	-	274	(274)		-	4
Total appropriation per economic classification	356,429	-	(21,660)	334,769	319,596	15,173	95.5%	319,867	296,743

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

Programme 1 per sub-programme	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Ministry									
Current expenditure	3,796	-	-	3,796	3,301	495	87.0%	3,599	3,143
1.2 Departmental Management									
Current expenditure	39,283	4,402	(1,300)	42,385	42,039	346	99.2%	38,685	37,112
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	910	(300)	-	610	142	468	23.2%	963	711
Payment for financial assets	-	-	-	-	3	(3)	-	-	-
1.3 Corporate Services									
Current expenditure	89,729	(3,803)	(2,664)	83,262	81,531	1,731	97.9%	85,854	81,090
Transfers and subsidies	3,891	46	-	3,937	3,427	510	87.1%	2,568	2,511
Capital expenditure	8,386	(1,144)	(51)	7,191	5,231	1,960	72.7%	11,524	5,427
Payment for financial assets	-	-	-	-	266	(266)	-	-	4
1.4 Enterprise Wide Risk Management									
Current expenditure	22,533	78	(1,075)	21,536	20,859	677	96.9%	19,807	18,933
Transfers and subsidies	-	35	-	35	34	1	97.0%	7	7
Capital expenditure	10,006	1,144	-	11,150	11,147	3	100.0%	7,528	6,697
1.5 Financial Administration									
Current expenditure	38,573	(585)	(1,860)	36,128	35,475	653	98.2%	34,168	31,990
Transfers and subsidies	17	25	-	42	39	3	92.5%	60	58
Capital expenditure	348	(7)	-	341	148	193	43.3%	251	133
Payment for financial assets	-	-	-	-	-	-	-	-	-
Sub-total appropriation per programme 1	217,472	(109)	(6,950)	210,413	203,642	6,771	96.8%	205,014	187,816

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 1: ADMINISTRATION - CONTINUED

Programme 1 per sub-programme cont'd	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub-total appropriation per programme 1	217,472	(109)	(6,950)	210,413	203,642	6,771	96.8%	205,014	187,816
1.6 Legal Services									
Current expenditure	16,766	-	(194)	16,572	16,354	218	98.7%	15,796	15,614
Transfers and subsidies	-	-	-	-	-	-	-	16	15
Payment for capital assets	130	-	-	130	85	45	65.4%	120	27
1.7 Internal Audit									
Current expenditure	21,600	1,870	(315)	23,155	21,916	1,239	94.7%	15,806	15,643
Transfers and subsidies	-	-	-	-	-	-	-	10	9
Capital expenditure	290	-	-	290	98	192	33.9%	210	22
1.8 Communications									
Current expenditure	9,301	(5)	(100)	9,196	8,794	402	95.6%	9,794	9,491
Transfers and subsidies	-	5	-	5	5	-	91.2%	-	-
Capital expenditure	30	7	-	37	37	-	99.3%	95	95
1.9 Office Accommodation									
Current expenditure	85,505	(2,097)	(14,101)	69,307	68,312	995	98.6%	67,089	66,797
Transfers and subsidies	8	29	-	37	36	1	96.3%	127	34
Capital expenditure	5,327	300	-	5,627	313	5,314	5.6%	5,790	1,180
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total appropriation per programme 1	356,429	-	(21,660)	334,769	319,596	15,173	95.5%	319,867	296,743

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

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

Programme 2 per Economic classification	2013/14							2012/13	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees	72,419	(304)	-	72,115	66,731	5,384	92.5%	66,656	62,226
Goods and services	34,420	-	-	34,420	30,391	4,029	88.3%	28,999	22,295
Transfers and subsidies									
Departmental agencies and accounts	16,236	-	-	16,236	16,236	-	100.0%	16,000	16,000
Foreign government and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	9,900	-	-	9,900	9,900	-	100.0%	10,000	10,000
Households	95	304	-	399	395	4	98.9%	193	191
Payment for capital assets									
Machinery and equipment	854	-	-	854	442	412	51.8%	660	522
Payment for financial assets					1	(1)	-	-	-
Total appropriation per economic classification	133,924	-	-	133,924	124,097	9,827	92.7%	122,508	111,234

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

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

Programme 2 per sub-programme	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Programme Management									
Current expenditure	11,028	228	-	11,256	10,264	992	91.2%	9,512	9,331
Transfers and subsidies	9,900	-	-	9,900	9,900	-	100.0%	10,000	10,000
Payment for capital assets	100	7	-	107	56	51	52.0%	60	20
2.2 Research									
Current expenditure	16,764	-	-	16,764	16,657	107	99.4%	12,707	7,493
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
2.3 Financial Sector Policy									
Current expenditure	26,142	728	-	26,870	24,997	1,873	93.0%	23,009	21,188
Transfers and subsidies	-	17	-	17	16	1	91.2%	3	3
Payment for capital assets	145	-	-	145	96	49	66.5%	256	202
Payment for financial assets	-	-	-	-	1	(1)	-	-	-
2.4 Tax Policy									
Current expenditure	23,826	(123)	-	23,703	22,923	780	96.7%	26,606	23,932
Transfers and subsidies	40	230	-	270	269	1	99.7%	155	154
Payment for capital assets	286	(7)	-	279	209	70	74.8%	165	147
2.5 Economic Policy									
Current expenditure	29,079	(1,137)	-	27,942	22,281	5,661	79.7%	23,821	22,577
Transfers and subsidies	55	57	-	112	110	2	98.2%	35	34
Payment for capital assets	323	-	-	323	82	241	25.3%	179	153
2.6 Cooperative Banking Development Agency									
Transfers and subsidies	16,236	-	-	16,236	16,236	-	100.0%	16,000	16,000
Total appropriation per programme 2	133,924	-	-	133,924	124,097	9,827	92.7%	122,508	111,234

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

Programme 3 per economic classification	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees	151,185	(526)		150,659	143,756	6,903	95.4%	147,571	140,866
Goods and services	38,056		(5,650)	32,406	26,775	5,631	82.6%	53,929	40,795
Transfers and subsidies									
Households	1,231	526	-	1,757	1,750	7	99.6%	834	827
Departmental agencies and accounts	39,567	-	-	39,567	39,567	-	100.0%	37,268	37,268
Payment for capital assets									
Machinery and equipment	1,245	-	-	1,245	863	382	69.3%	1,825	1,231
Payment for financial assets	-	-	-	-	8	(8)		-	65
Total appropriation per economic classification	231,284		(5,650)	225,634	212,719	12,915	94.3%	241,427	221,052

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT - CONTINUED

Programme 3 per sub-programme	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Management									
Current expenditure	18,559	2,225	(2,325)	18,459	17,236	1,223	93.4%	39,630	33,383
Transfers and subsidies	25	-	-	25	25	-	98.2%	-	-
Payment for capital assets	58	21	-	79	61	18	76.7%	388	335
Payment for financial assets	-	-	-	-	1	(1)		-	63
3.2 Public Finance									
Current expenditure	61,672	(1,998)	(2,202)	57,472	54,030	3,442	94.0%	61,570	56,193
Transfers and subsidies	955	472	-	1,427	1,424	3	99.8%	320	316
Payment for capital assets	427	-	-	427	313	114	73.3%	520	311
Payment for financial assets	-	-	-	-	4	(4)		-	2
3.3 Budget Office and Coordination									
Current expenditure	57,034	(593)	(500)	55,941	52,130	3,811	93.2%	51,686	46,931
Transfers and subsidies	7	23	-	30	28	2	93.1%	309	308
Payment for capital assets	469	(21)	-	448	271	177	60.6%	577	354
3.4 Intergovernmental Relations									
Current expenditure	51,976	(160)	(623)	51,193	47,135	4,058	92.1%	48,614	45,154
Transfers and subsidies	244	31	-	275	273	2	99.4%	205	203
Payment for capital assets	291	-	-	291	218	73	75.0%	340	231
Payment for financial assets	-	-	-	-	3	(3)		-	-
3.5 Financial and Fiscal Commission									
Transfers and subsidies	39,567	-	-	39,567	39,567	-	100.0%	37,268	37,268
Total appropriation per programme 3	231,284	-	(5,650)	225,634	212,719	12,915	94.3%	241,427	221,052

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

Programme 4 per Economic classification	2013/14					2012/13			
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees	64,803	(63)	-	64,740	62,791	1,949	97.0%	61,451	58,183
Goods and services	23,514		-	23,514	22,594	920	96.1%	20,615	19,501
Transfers and subsidies									
Households	41	63	-	104	102	2	98.5%	45	44
Payment for capital assets									
Machinery and equipment	636		-	636	430	206	67.6%	696	474
Payment for financial assets	2,905,000		-	2,905,000	2,905,005	(5)	100.0%	200,000	200,003
Total appropriation per economic classification	2,993,994	-	-	2,993,994	2,990,922	3,072	99.9%	282,807	278,205

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT - CONTINUED

Programme 4 per sub-programme	2013/14							2012/13	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Programme Management									
Current expenditure	15,671	546	-	16,217	15,989	228	98.6%	14,874	14,408
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	636	-	-	636	430	206	67.6%	696	474
4.2 SOE Financial Management and Governance									
Current expenditure	27,403	(44)	-	27,359	26,311	1,048	96.2%	25,772	23,690
Transfer and subsidies		10	-	10	9	1	92.6%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	1
4.3 Government Debt Management									
Current expenditure	17,704	(29)	-	17,675	17,255	420	97.6%	16,565	15,693
Transfers and subsidies	30	29	-	59	58	1	99.0%	14	14
Payment for financial assets			-	3	3	(3)		-	1
4.4 Financial Operations									
Current expenditure	18,226	(514)	-	17,712	17,209	503	97.2%	16,474	15,874
Transfers and subsidies	11	24	-	35	35	-	100%	-	-
Payment for financial assets				2	2	(2)		-	1
4.5 Strategy and Risk Management									
Current expenditure	9,313	(22)	-	9,291	8,621	670	92.8%	8,381	8,019
Transfers and subsidies								31	30
4.6 Financial Investments									
Payment for financial assets	2,905,000	-	-	2,905,000	2,905,000		100.0%	200,000	200,000
Total appropriation per programme 4	2,993,994	-	-	2,993,994	2,990,922	3,072	99.9%	282,807	278,205

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 5: FINANCIAL SYSTEMS AND ACCOUNTING

Programme 5 per Economic classification	2013/14					2012/13			
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees	158,013	(303)	-	157,710	149,541	8,169	94.8%	141,210	135,606
Goods and services	488,463	45	(1,800)	486,708	471,513	15,195	96.9%	468,805	428,021
Transfers and subsidies									
Departmental agencies and accounts	83,806	-	-	83,806	83,806	-	100.0%	71,985	71,985
Households	364	303	-	667	647	20	97.1%	900	896
Payment for capital assets									
Machinery and equipment	4,077	(45)	-	4,032	2,067	1,965	51.3%	3,435	2,833
Payment for financial assets	-	-	-	-	198	(198)		-	5
Total appropriation per economic classification	734,723	-	(1,800)	732,923	707,772	25,151	96.6%	686,335	639,346

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 5: FINANCIAL SYSTEMS AND ACCOUNTING - CONTINUED

Programme 5 per sub-programme	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final Appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Programme Management									
Current expenditure	14,635	4,251		18,886	17,750	1,136	94.0%	7,788	7,262
Transfers and subsidies	154	75		229	229	-	99.8%	-	-
Payment for capital assets	299			299	206	93	68.8%	39	-
Payment for financial assets					181	(181)		-	-
5.2 Supply Chain Policy									
Current expenditure	42,544	(3,257)	(1,800)	37,487	33,089	4,398	88.3%	33,773	33,049
Transfers and subsidies	40	6	-	46	42	4	91.4%	721	719
Payment for capital assets	564	-	-	564	201	363	35.6%	453	314
Payment for financial assets	-	-	-	-	10	(10)		-	-
5.3 Financial Systems									
Current expenditure	426,843	19	-	426,862	423,170	3,692	99.1%	406,977	367,739
Transfers and subsidies	-	26	-	26	26	-	98.5%	1,857	1,852
Payment for capital assets	1,997	(45)	-	1,952	913	1,039	46.8%	-	2
Payment for financial assets	-	-	-	-	2	(2)		38,716	37,450
5.4 Financial Reporting for National Accounts									
Current expenditure	45,112	(74)	-	45,038	42,038	3,000	93.3%		
Transfers and subsidies	43,064	74	-	43,138	43,137	1	100.0%	41,775	41,774
Payment for capital assets	289	-	-	289	268	21	92.6%	214	167
Payment for financial assets	-	-	-	-	-	-		-	2
5.5 Financial Management Policy and Compliance									
Current expenditure	117,062	(1,197)	-	115,865	104,918	10,947	90.6%	122,581	117,972
Transfers and subsidies	100	122	-	222	208	14	93.7%	81	80
Payment for capital assets	928	-	-	928	480	448	51.7%	872	500
Payment for financial assets	-	-	-	-	5	(5)		-	1
5.6 Audit Statutory Bodies									
Transfers and subsidies	40,812	-	-	40,812	40,812	-	100.0%	30,308	30,308
5.7 Service Charges: Commercial Bank									
Current Payments	280	-	-	280	87	193	31.1%	180	155
Total appropriation per programme 5	734,723	-	(1,800)	732,923	707,772	25,151	96.6%	686,335	639,346

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

Programme 6 per Economic classification	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees	22,816	(9)		22,807	21,752	1,055	95.4%	20,961	20,824
Goods and services	18,934		1,800	20,734	20,799	(65)	100.3%	10,075	8,946
Transfers and subsidies									
Foreign governments and international organisations	1,049,889			1,049,889	1,024,819	25,070	97.6%	1,010,474	973,084
Households	102	9		111	111		99.6%	69	68
Payment for capital assets									
Machinery and equipment	244		51	295	258	37	87.7%	190	129
Total appropriation per economic classification	1,091,985		1,851	1,093,836	1,067,739	26,097	97.6%	1,041,769	1,003,051

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS - CONTINUED

Programme 6 per sub-programme	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Programme Management	16,352	1,193	1,800	19,345	19,038	307	98.4%	9,580	8,965
	32		39	71	69	2	97.8%	52	42
6.2 International Economic Cooperation	25,398	(1,202)	-	24,196	23,513	683	97.2%	21,456	20,806
	102	9	-	111	111	-	99.6%	69	68
Payment for capital assets	212	-	12	224	189	35	84.4%	138	87
6.3 Common Monetary Area Compensation									
Transfers and subsidies	613,854	(35,127)	-	578,727	554,445	24,282	95.8%	515,862	490,719
6.4 Financial and Technical Support									
Transfers and subsidies	769	-	-	769	-	769	-	6,651	-
6.5 African Development Bank and African Dev. Fund									
Transfers and subsidies	268,562	31,380	-	299,942	299,941	1	100.0%	315,656	313,773
6.6 World Bank									
Transfers and subsidies	147,359	2,734	-	150,093	150,093	-	100.0%	154,974	153,743
6.7 Collaborative African Budget Reform Initiative									
Transfers and subsidies	1,329	-	-	1,329	1,329	-	100.0%	1,260	1,260
6.8 Commonwealth Fund for Technical Cooperation									
Transfers and subsidies	4,991	326	-	5,317	5,316	1	100.0%	4,709	4,469
6.9 International Fund Facility for Immunisation									
Transfers and subsidies	10,000	687	-	10,687	10,686	1	100.0%	10,000	8,758
6.10 Investment Climate Facility									
Transfers and subsidies	1,675	-	-	1,675	1,659	16	99.0%	1,000	-
6.11 Artac for Southern Africa									
Transfers and subsidies	350	-	-	350	350	-	100.0%	362	361
6.12 Infra Consortium for Africa									
Transfers and subsidies	1,000	-	-	1,000	1,000	-	100.0%		
Total appropriation per programme 6	1,091,985	-	1,851	1,093,836	1,067,739	26,097	97.6%	1,041,769	1,003,051

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

Programme 7 per Economic classification	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees								-	-
Goods and services	51,857	-	5,650	57,507	57,507	-	100.0%	49,742	49,741
Transfers and subsidies									
Foreign governments and international organisations	2,127	-	-	2,127	2,108	19	99.2%	2,239	1,543
Non-profit institutions	-	-	-	-	-	-	-	85	-
Households	3,443,047	-	20,883	3,463,930	3,463,469	461	100.0%	3,299,694	3,167,224
Payment for financial assets	-	-	-	-	14	(14)		-	125,095
Total appropriation per economic classification	3,497,031	-	26,533	3,523,564	3,523,098	466	100.0%	3,351,760	3,343,603

Programme 7 per sub-programme	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Programme Management									
Current expenditure	-	-	-	-	-	-	-	-	-
7.2 Government Pension Admin Agency									
Current expenditure	51,857	-	5,650	57,507	57,507	-	100.0%	49,742	49,741
Payment for financial assets	-	-	-	-	-	-	-	-	-
7.3 Civil Pensions and Contributions to Funds									
Transfers and subsidies	2,871,697	(197,857)	20,883	2,673,840	2,673,481	359	100.0%	2,740,913	2,621,679
Payment for financial assets	-	-	-	-	14	(14)	-	-	125,095
7.4 Military Pensions and Other Benefits									
Transfers and subsidies	573,477	197,857		792,217	792,096	121	100.0%	561,105	547,088
Total appropriation per programme 7	3,497,031		26,533	3,523,564	3,523,098	466	100.0%	3,351,760	3,343,603

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE

Programme 8 per Economic classification	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current expenditure									
Compensation of employees	43,486	(60)	726	44,152	42,666	1,486	96.6%	40,828	39,552
Goods and services	127,105			127,105	108,627	18,478	85.5%	107,389	103,866
Transfers and subsidies									
Provinces and municipalities	1,161,339	-	-	1,161,339	1,149,233	12,106	99.0%	1,056,345	1,056,345
Departmental agencies and accounts	126,462	-	-	126,462	126,462	-	100.0%	139,505	139,505
Public corporations and private enterprises	1,014,703	-	-	1,014,703	1,014,703	-	100.0%	645,502	645,502
Universities and technikons	10,000	-	-	10,000	10,000	-	100.0%	9,000	9,000
Households	30	60	-	90	85	5	94.5%	57	56
Payment for capital assets									
Machinery and equipment	824	-	-	824	387	437	47.0%	1,010	416
Payment for financial assets									
					3	(3)		-	49
Total appropriation per economic classification	2,483,949	-	726	2,484,675	2,452,166	32,509	98.7%	1,999,636	1,994,291

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE - CONTINUED

Programme 8 per sub-programme	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
8.1 Programme Management									
Current expenditure	158,882	(60)	726	159,548	141,540	18,008	88.7%	138,250	135,151
Transfers and subsidies	31,592	60	-	31,652	31,647	5	100.0%	22,562	22,561
Payment for capital assets	764	-	-	764	362	402	47.4%	625	355
Payment for financial assets	-	-	-	-	3	(3)		-	49
8.2 Local Government Fin. Man. & Restructuring Grant									
Transfers and subsidies	523,298	-	-	523,298	523,298	-	100.0%	478,213	478,213
8.3 Neighbourhood Development Partnership Grant									
Current expenditure	-	-	-	-	-	-	-	-	-
Transfers and subsidies	653,041	-	-	653,041	640,935	12,106	98.1%	658,132	658,132
8.4 Municipal Finance Improvement Programme									
Current expenditure	121,498	-	-	121,498	121,498	-	100.0%	109,962	109,962
Transfers and subsidies									
8.5 Integrated Cities Development Grant									
Current expenditure	-	-	-	-	-	-	-	-	-
Transfers and subsidies	40,000	-	-	40,000	40,000	-	100.0%	-	-
8.6 Employment Creation Facilitation Fund									
Current expenditure	11,709	-	-	11,709	9,753	1,956	83.3%	9,967	8,267
Transfers and subsidies	943,105	-	-	943,105	943,105	-	100.0%	581,540	581,540
Payment for capital assets	60	-	-	60	25	35	41.7%	385	61
Total appropriation per programme 8	2,483,949	-	726	2,484,675	2,452,166	32,509	98.7%	1,999,636	1,994,291

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 9: REVENUE ADMINISTRATION

Programme 9 per Economic classification	2013/14					2012/13	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%
Transfers and subsidies							
Departmental agencies and accounts	9,534,393	-	-	9,534,393	9,534,393	-	100.0%
Total appropriation per economic classification	9,534,393	-	-	9,534,393	9,534,393	-	100.0%

Programme 9 per sub-programme	2013/14					2012/13	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%
9.1 South African Revenue Service							
Transfers and subsidies	9,534,393	-	-	9,534,393	9,534,393	-	100.0%
Total appropriation per programme 9	9,534,393	-	-	9,534,393	9,534,393	-	100.0%

NATIONAL TREASURY VOTE 10 APPROPRIATION STATEMENT

For the year ended 31 March 2014

PROGRAMME 10: FINANCIAL INTELLIGENCE AND STATE SECURITY

		2013/14						2012/13		
Programme 10 per Economic classification		Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies										
Departmental agencies and accounts		4,174,554	-	-	4,174,554	4,174,554	-	100.0%	3,982,121	3,982,121
Payment for financial assets										-
Total appropriation per economic classification		4,174,554	-	-	4,174,554	4,174,554	-	100.0%	3,982,121	3,982,121
		2013/14						2012/13		
Programme 10 per sub-programme		Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
10.1 Financial Intelligence Centre										
Transfers and subsidies		241,000	-	-	241,000	241,000	-	100.0%	197,314	197,314
10.2 Secret Services										
Transfers and subsidies		3,933,554	-	-	3,933,554	3,933,554	-	100.0%	3,784,807	3,784,807
Total appropriation per programme 10		4,174,554	-	-	4,174,554	4,174,554	-	100.0%	3,982,121	3,982,121

NATIONAL TREASURY VOTE 10 NOTES TO THE APPROPRIATION STATEMENT

For the year ended 31 March 2014

Per programme	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation		Explanations of variances
				R'000	%	
Programme 1: Administration	334,769	319,596	15,173		4.5%	23 unfilled positions, delayed renewal of licenses for the Microsoft software; the delayed upgrade of the Network Infrastructure, cost cutting measures resulting in operational saving on travel and subsistence costs; and incomplete renovations to 38 Church Square due to delays by the landlord.
Programme 2: Economic Policy, Tax, Financial Reg. and Research	133,924	124,097	9,827		7.3%	32 unfilled positions, savings on economic research due to the cost of research work carried out in the year being less than anticipated, less administrative bank charges, cost cutting measures resulting in operational saving on travel and subsistence costs and bulk procurement on capital equipment.
Programme 3: Public Finance and Budget Management	225,634	212,719	12,915		5.7%	37 unfilled positions, savings realised on projects such as the social retirement reforms, fiscal incident studies, the Local Government Functional and Fiscal framework and the Standard Charts of Accounts, further cost cutting measures resulting in operational saving on travel and subsistence costs, printing of budget documentation and bulk procurement on capital equipment.
Programme 4: Asset and Liability Management	2,993,994	2,990,922	3,072		0.0%	5 unfilled positions and cost cutting measures resulting in operational saving on travel and subsistence costs, and bulk procurement on capital equipment.
Programme 5: Financial Systems and Accounting	732,923	707,772	25,151		3.4%	33 unfilled positions, savings on consultants for forensic investigations due to cancellation of engagements that did not require further investigation, delay on the procurement of capital assets as consensus had to be reached on the make of the equipment purchased, cost cutting measures resulting in operational saving on travel and subsistence costs, and stationery.
Programme 6: International Financial Relations	1,093,836	1,067,739	26,097		2.4%	1 unfilled position and the transfer payment budgeted for the Common Monetary Area Compensation for which the saving is attributed to various factors that had an impact on the amount of compensation paid, such as the rand circulation in neighbouring countries, the rand exchange rate and the level of interest rates. These factors are not fixed and often result in a variance between the South African Reserve Bank estimates and actual compensation payments which result in either a saving or deficit.
Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits	3,523,564	3,523,098	466		0.0%	The expenditure for the year is on par with the benchmark expenditure drawing target.
Programme 8: Technical Support and Development Finance	2,484,675	2,452,166	32,509		1.3%	5 unfilled positions, the operational delays in procuring technical assistants for the Infrastructure Delivery Improvement Programme project and the Neighbourhood Development Partnership Grant's direct transfer which was withheld due to slow spending on municipal projects and procurement delays, and cost cutting measures resulting in operational saving on travel cost and stationery.
Programme 9: Revenue Administration	9,534,393	9,534,393	-		0.0%	N/A
Programme 10: Financial Intelligence and State Security	4,174,554	4,174,554	-		0.0%	N/A
Total per programme	25,232,266	25,107,057	125,209		0.5%	

NATIONAL TREASURY VOTE 10 NOTES TO THE APPROPRIATION STATEMENT

For the year ended 31 March 2014

Per economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	%
Current expenditure	1,599,914	1,524,025	75,889	4.7%
Compensation of employees	658,082	631,541	26,541	4.0%
Goods and services	941,832	892,484	49,348	5.2%
Transfers and subsidies	20,694,090	20,655,881	38,209	0.2%
Provinces and municipalities	1,161,339	1,149,233	12,106	1.0%
Universities and technikons	10,000	10,000	-	0.0%
Departmental agencies and accounts	13,977,158	13,976,884	274	0.0%
Public corporations and private enterprises	1,024,603	1,024,603	-	0.0%
Foreign governments and international organisations	1,052,016	1,026,928	25,088	2.4%
Households	3,468,974	3,468,233	741	0.0%
Payments for capital assets	33,262	21,648	11,614	34.9%
Buildings and other fixed structures	5,000	-	5,000	100.0%
Machinery and equipment	28,262	21,648	6,614	23.4%
Software and other intangible assets	-	-	-	0.0%
Payments for financial assets	2,905,000	2,905,503	(503)	0.0%
Total per economic classification	25,232,266	25,107,057	125,209	0.5%
Per conditional grant	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	%
Local Gov. Fin Man Grant	424,798	424,798	-	0.0%
Neighborhood Dev. Partners Grant	598,041	585,935	12,106	2.0%
Infr Skills Development Grant	98,500	98,500	-	0.0%
Integrated Cities Develop Grant	40,000	40,000	-	0.0%
Total	1,161,339	1,149,233	12,106	0.0%

² Neighbourhood Partnership Development grant unspent funds are mainly due to the municipalities that had long delays in securing service provider contracts which delayed construction as planned. Furthermore, municipal procurement processes and non-compliance with grant conditions by municipalities led to further delays that required withholding grants to be disbursed.

NATIONAL TREASURY VOTE 10 STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
REVENUE			
Annual appropriation	1	25,232,266	21,177,604
Departmental revenue ³	2	3,687,531	4,201,708
Aid assistance	3	96,052	27,844
TOTAL REVENUE		29,015,849	25,407,156
EXPENDITURE			
Current expenditure			
Compensation of employees	4	631,541	589,747
Goods and services	5	892,484	820,488
Aid assistance	3	55,065	26,315
Total current expenditure		1,579,090	1,436,550
Transfers and subsidies		20,655,881	19,263,666
Transfers and subsidies	7	20,655,881	19,263,666
Expenditure for capital assets		21,871	19,982
Tangible capital assets	8	21,871	19,982
Total expenditure for capital assets			
Payment for financial assets	6	2,905,503	325,221
TOTAL EXPENDITURE		25,162,345	21,045,419
SURPLUS FOR THE YEAR		3,853,504	4,361,737
Reconciliation of net surplus for the year			
Voted funds		125,209	158,584
Annual appropriation		125,209	158,584
Departmental revenue	2	3,687,531	4,201,708
Aid assistance ⁴	3	40,764	1,445
SURPLUS FOR THE YEAR		3,853,504	4,361,737

³ The current year revenue amount includes an amount of R18,9 million collected by GPAA at year-end.

⁴ The aid assistance balance excludes the amount of R58,000 (rounded off) which was over-expenditure in the previous years on the ODA donor fund. It was collected as part of revenue during the current financial year and paid over to the National Revenue Fund, hence there is a difference of R58,000 between the balance reflected on the Statement of Performance and Note 3.

NATIONAL TREASURY VOTE 10 STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
ASSETS			
Current assets		2,323,151	1,401,333
Cash and cash equivalents	9	748,709	160,902
Prepayments and advances	10	1,694	62,587
Receivables	11	21,711	18,277
Loans ⁵	13	1,551,037	1,159,567
Aid assistance receivable	3	-	-
Non-current assets		63,879,657	65,039,224
Investments	12	400,956	400,956
Loans	13	63,478,701	64,638,268
TOTAL ASSETS		66,202,808	66,440,557
LIABILITIES			
Current liabilities		771,157	241,239
Voted funds to be surrendered to the Revenue Fund	14	125,209	158,584
Departmental revenue to be surrendered to the Revenue Fund ⁶	15	589,948	11,804
Bank Overdraft	16	-	50,062
Payables	17	15,294	19,344
Aid assistance payable	3	40,706	1,445
Aid assistance unutilised	3	-	-
TOTAL LIABILITIES		771,157	241,239
NET ASSETS		65,431,651	66,199,318
Represented by:			
Capitalisation reserve		400,956	400,956
Recoverable revenue		65,030,695	65,798,362
TOTAL		65,431,651	66,199,318

⁵ This amount is the current portion of the non-current loan receivable in 2013/14 financial year which is due to be paid in April 2014.

⁶ This amount includes revenue held at GPAA amounting to R18,9 million (2012/13: R3,9 million) which will be paid over to National Treasury in the new financial year and surrendered to the National Revenue Fund.

NATIONAL TREASURY VOTE 10 STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
NET ASSETS			
Capitalisation reserves			
Opening balance	Annex 2A	400,956	400,956
Closing balance		400,956	400,956
Recoverable revenue			
Opening balance		65,798,362	65,346,810
Transfers:		(767,667)	451,552
Debts revised		-	-
Debts recovered (included in departmental receipts) ⁷		(1,159,567)	300
Debts raised		391,900	451,252
Closing balance		65,030,695	65,798,362
TOTAL		65,431,651	66,199,318

⁷ This amount reflects the repayment of the Gautrain loan which includes R840 million capital repayment and R319,5 million interest repayment.

NATIONAL TREASURY VOTE 10

CASH FLOW STATEMENT

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		28,908,451	25,250,256
Annual appropriated funds received	1	25,232,266	21,177,604
Departmental revenue received ⁸	2	1,100,992	955,771
Interest received	2.2	2,479,141	3,089,037
Aid assistance received	3	96,052	27,844
Net decrease/(increase) in working capital		53,409	117,648
Surrendered to Revenue Fund		(3,267,971)	(6,667,871)
Surrendered to RDP Fund/Donor ⁹	3	(1,503)	(644)
Current payments		(1,579,090)	(1,436,550)
Payments for financial assets	6	(2,905,503)	(325,221)
Transfers and subsidies paid	7	(20,655,881)	(19,263,666)
Net cash flow from operating activities	18	551,912	(2,326,048)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(21,871)	(19,982)
Proceeds from sale of capital assets	2	111	-
Increase in loans	13	768,097	(451,252)
Net cash flows from investing activities		746,337	(471,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received	2.2	107,287	156,900
Increase in net assets		(767,667)	451,552
Net cash flows from financing activities		(660,380)	608,452
Net increase/(decrease) in cash and cash equivalents		637,869	(2,188,830)
Cash and cash equivalents at beginning of period		110,840	2,299,670
Cash and cash equivalents at end of period	9 & 19	748,709	110,840¹⁰

⁸ The revenue amount excludes interest, dividends and rent on land as well as sale of capital assets which are disclosed as separate line items in the cash flow statement.

⁹ The current year amount is made up of R1,4 million surrendered to the RDP and R58 000 donor fund that was surrendered to the NRF in respect of over-expenditure in the previous years on the ODA donor fund. Refer to note 3.

¹⁰ Consolidated cash and cash equivalents in prior year includes overdraft of R50 million from GPAA.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. ANNUAL APPROPRIATION

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Actual Funds received 2012/13 R'000
Administration	334,769	334,769	-	321,138
Economic Policy, Tax, Financial Regulation and Research	133,924	133,924	-	122,508
Public Finance and Budget Management	225,634	225,634	-	247,315
Asset and Liability Management	2,993,994	2,993,994	-	282,807
Financial Systems and Accounting	732,923	732,923	-	686,335
International Financial Relations	1,093,836	1,093,836	-	1,040,498
Civil and Military Pensions, Contribution to Funds and Other benefits	3,523,564	3,523,564	-	3,345,872
Technical Support and Development Finance	2,484,675	2,484,675	-	1,999,636
Revenue Administration	9,534,393	9,534,393	-	9,149,374
Financial Intelligence and State Security	4,174,554	4,174,554	-	3,982,121
Total	25,232,266	25,232,266	-	21,177,604

	Note	2013/14 R'000	2012/13 R'000
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Conditional Grants¹¹

Total grants received	1,161,339	1,056,345
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2. DEPARTMENTAL REVENUE

Sales of goods and services other than capital assets	2.1	73,087	53,866
Interest, dividends and rent on land	2.2	2,586,428	3,245,937
Sales of capital assets	2.3	111	-
Financial transactions in assets and liabilities	2.4	1,027,905	901,905
Departmental revenue collected		3,687,531	4,201,708

¹¹ The conditional grants are included in the amounts as per the Annual Appropriation

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department		73,058	53,855
Sales by market establishment		96	96
Administrative fees		-	7
Other sales		72,962	53,752
Sales of scrap, waste and other used current goods		29	11
Total		73,087	53,866
2.2 Interest, dividends and rent on land			
Interest		2,479,141	3,089,037
Dividends		107,287	156,900
Total		2,586,428	3,245,937
2.3 Sales of capital assets			
Machinery and equipment		111	-
Total		111	-
2.4 Financial transactions in assets and liabilities			
Loans and advances		840,000	261
Receivables		-	232
Other receipts including Recoverable Revenue		187,905	901,412
Total		1,027,905	901,905
3. AID ASSISTANCE			
3.1 Aid assistance received in cash from RDP			
Foreign			
Opening balance		1,445	644
Revenue		96,052	27,844
Expenditure		(55,288)	(26,399)
Current		(55,065)	(26,315)
Capital		(223)	(84)
Surrendered to the RDP		(1,445)	(644)
Surrendered to the NRF		(58)	-
Closing balance		40,706	1,445

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
3.2 Total assistance			
Opening balance		1,445	644
Revenue		96,052	27,844
Expenditure		(55,288)	(26,399)
Current		(55,065)	(26,315)
Capital		(223)	(84)
Surrendered / transferred to retained funds		(1,503)	(644)
Closing balance		40,706	1,445
3.3 Analysis of balance			
Aid assistance repayable		40,706	1,445
Closing balance		40,706	1,445
4. COMPENSATION OF EMPLOYEES			
4.1 Salaries and Wages			
Basic salary		409,813	370,979
Performance award		18,258	29,561
Service Based		309	193
Compensative/circumstantial		2,435	2,069
Other non-pensionable allowances		139,098	129,801
Total		569,913	532,603
4.2 Social contributions			
Employer contributions			
Pension		49,403	44,770
Medical		12,160	12,315
Bargaining council		65	59
Total		61,628	57,144
Total compensation of employees		631,541	589,747
Average number of employees		1,180	1,189

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
5. GOODS AND SERVICES			
Administrative fees		3,921	5,003
Advertising		2,245	2,385
Minor Assets	5.1	334	832
Bursaries (employees)		4,217	3,606
Catering		1,873	1,834
Communication		7,715	8,455
Computer services	5.2	237,858	227,719
Consultants, contractors and agency/outsourced services	5.3	477,799	419,187
Entertainment		229	230
Audit cost – external	5.4	12,586	11,036
Fleet services ¹²		1,646	565
Inventory ¹³	5.5	-	1
Consumables	5.6	14,546	14,854
Operating leases		41,378	41,039
Owned and leasehold property expenditure	5.7	12,025	11,421
Travel and subsistence	5.8	48,672	48,933
Venues and facilities		13,135	8,059
Training and staff development		5,977	10,548
Other operating expenditure	5.9	6,328	4,781
Total		892,484	820,488
5.1 Minor Assets			
Tangible assets			
Machinery and equipment		334	832
Total		334	832
5.2 Computer services			
SITA computer services		33,990	29,835
External computer service providers		203,868	197,884
Total		237,858	227,719
5.3 Consultants, contractors and agency/outsourced services			
Business and advisory services		254,318	243,810
Legal costs		10,679	11,017
Contractors		2,475	1,483
Agency and support/outsourced services		210,327	162,877
Total		477,799	419,187

¹² Prior year amount for fuel, oil and gas was reclassified to fleet services in line with the new SCOA version.

¹³ Prior year inventory figures reclassified to consumables in line with the new SCOA version. See sub-note 5.5 and 5.6.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
5.4 Audit cost – External			
Regularity audits		11,740	10,634
Performance audits		-	402
Forensic investigations		846	-
Total		12,586	11,036
5.5 Inventory			
Medical supplies		-	1
Total		-	1
5.6 Consumables			
Consumables supplies		3,456	1,893
Clothing material and accessories		72	-
Household supplies		2,004	743
Building material and supplies		513	119
Communication accessories		1	-
IT consumables		776	-
Other consumables		90	1,031
Stationery, printing and office supplies		11,090	12,961
Total		14,546	14,854
5.7 Owned and leasehold property expenditure			
Municipal services		11,164	9,938
Property management fees		558	497
Other ¹⁴		303	986
Total		12,025	11,421
5.8 Travel and subsistence			
Local		26,447	28,598
Foreign		22,225	20,335
Total		48,672	48,933
5.9 Other operating expenditure			
Professional bodies, membership and subscription fees		4,941	4,214
Resettlement costs		301	127
Other ¹⁵		1,086	440
Total		6,328	4,781

¹⁴ The decrease in the current year amount was due to maintenance costs that were included in the prior year as well as changes in Standard Charts of Accounts version.

¹⁵ The increase in the current year was due to an increase in the printing and publication expenditure as a result of the Banking Regulations that were published by the South African Reserve Bank.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
6. PAYMENT FOR FINANCIAL ASSETS			
Extension of loans for policy purposes ¹⁶		2,905,000	200,000
Other material losses written off	6.1	45	118
Debts written off ¹⁷	6.2	458	125,103
Total		2,905,503	325,221
6.1 Other material losses written off			
Nature of losses			
Miscellaneous		45	118
Total		45	118
6.2 Debts written off			
Claims recoverable - Western Cape Provincial Government		-	124,965
Civil and military pension (bad debts)		14	5
Staff debts written-off		444	9
Forex losses		-	124
Total		458	125,103
7. TRANSFERS AND SUBSIDIES			
Municipalities and Provinces	35&36	1,149,233	1,056,345
Departmental agencies and accounts	Annex 1B	13,976,884	13,396,786
Universities and technikons	Annex 1C	10,000	9,000
Public corporations and private enterprises	Annex 1D	1,024,603	655,502
Foreign governments and international organisations	Annex 1E	1,026,928	974,626
Households	Annex 1F	3,468,233	3,171,157
Gifts, donations and sponsorships made	Annex 1G	-	250
Total ¹⁸		20,655,881	19,263,666
8. EXPENDITURE FOR CAPITAL ASSETS			
Tangible assets			
Building and other fixed structures		-	615
Machinery and equipment		21,871	19,367
Total		21,871	19,982

¹⁶ The current year amount includes R205 million for recapitalisation of the Postbank, R300 million for Land Bank and R2,4 billion for recapitalisation of the Development Bank of Southern Africa.

¹⁷ The decrease in the amount disclosed is due to an amount of R125 million owed by Western Cape which was written-off in the prior year, refer to sub-note 6.2.

¹⁸ Amounts disclosed in the notes to the annual financial statements in the prior year are the actual expenditure on transfer and subsidies, amounts disclosed in the related annexures are the amounts appropriated per the Appropriation Act (Budget amount).

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

8.1 Analysis of funds utilised to acquire capital assets – 2013/14

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets			
Building and other fixed structures	-	-	-
Machinery and equipment	21,648	223	21,871
Total	21,648	223	21,871

8.2 Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets			
Building and other fixed structures	615	-	615
Machinery and equipment	19,283	84	19,367
Total	19,898	84	19,982

	Note	2013/14 R'000	2012/13 R'000
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9. CASH AND CASH EQUIVALENTS

Consolidated Paymaster General Account ¹⁹	727,506	156,893
Cash on hand	23	23
Cash with commercial banks (Local)	21,180	3,986
Total	748,709	160,902

10. PREPAYMENTS AND ADVANCES

Travel and subsistence	30	9
Prepayments ²⁰	171	58,566
Advances paid	10.1 1,493	4,012
Total	1,694	62,587

10.1 Advances paid

National departments	Annex 6A 1,493	4,012
Total	1,493	4,012

¹⁹ This amount includes R18,9 million collected and held by GPAA at year-end, it will be paid over to the National Treasury bank account in the new financial year.

²⁰ The decrease in prepayments is due to pensions payouts that were made earlier in the prior year as a result of the holidays that fell on the 01 April to ensure that pensioners were paid on time.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

11. RECEIVABLES

	Note	2013/14			2012/13	
		R'000	R'000	R'000	R'000	R'000
		<1 year	1-3 years	>3 years	Total	Total
Claims recoverable	11.1	1,401	-	838	2,239	1,770
Recoverable expenditure	11.2	1,626	591	103	2,320	1,063
Staff debt	11.3	439	653	470	1,562	1,014
Other debtors	11.4	3,316	5,929	6,345	15,590	14,430
Total		6,782	7,173	7,756	21,711	18,277

11.1 Claims recoverable

National departments	1,533	1,038
Provincial departments	35	21
Foreign governments	671	711
Households and non-profit institutions	-	-
Total	2,239	1,770

11.2 Recoverable expenditure

Disallowance damages and losses	601	525
Disallowance miscellaneous	1,675	519
Private telephones	44	19
Total	2,320	1,063

11.3 Staff debt

Departmental Debt	1,562	1,014
Total	1,562	1,014

11.4 Other debtors

Value Added Tax (SARS)	860	454
Amounts owed by other departments – Civil and Military Pensions	1,224	576
Outstanding debt – Civil and Military Pensions	9	8
Disallowance – Civil and Military Pensions	5,320	5,360
Disallowance – Special Pensions	8,177	8,032
Total	15,590	14,430

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
12. INVESTMENTS			
Non-Current (non-current shares)			
Development Bank of Southern Africa	Annex 2A	200,000	200,000
Public Investment Corporation Limited	Annex 2A	1	1
SASRIA	Annex 2A	-	-
Land Bank	Annex 2A	200,955	200,955
Total		400,956	400,956
Analysis of non-current investments			
Opening balance		400,956	400,956
Closing balance		400,956	400,956
13. LOANS			
Public corporations ²¹		65,029,738	65,797,835
- Non-Current		63,478,701	64,638,268
- Current		1,551,037	1,159,567
Total		65,029,738	65,797,835
Analysis of balance			
Opening balance		65,797,835	65,346,583
New issues		391,470	451,252
Amount paid		(1,159,567)	-
Closing balance		65,029,738	65,797,835
14. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND			
Opening balance		158,584	2,477,423
Transfer from statement of financial performance		125,209	158,584
Paid during the year		(158,584)	(2,477,423)
Closing balance		125,209	158,584

²¹ This amount includes loans to Eskom R60 billion and the loan is disclosed excluding the accrued interest. The interest to be accrued is only determined upon receipt of a compliance certificate from Eskom auditors. The compliance certificate is due 90 days after year end (31 March 2014). As at 31 March 2014 it had not yet been received.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
15. DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND			
Opening balance		11,804	544
Transfer from Statement of Financial Performance		3,687,531	4,201,708
Paid during the year		(3,109,387)	(4,190,448)
Closing balance		589,948	11,804
16. BANK OVERDRAFT			
Consolidated Paymaster General Account		-	(50,062)
Total		-	(50,062)
17. PAYABLES – CURRENT			
Advances received	17.1	-	143
Clearing accounts	17.2	274	116
Other payables	17.3	15,020	19,085
Total		15,294	19,344
17.1 Advances received			
Other institutions	Annex 6B	-	143
Total		-	143
17.2 Clearing accounts			
Income tax (PAYE)		220	116
Persal Reversal Account		36	-
Pension Fund		18	
Total		274	116
17.3 Other payables			
Civil and military pensions		7,620	7,181
Special pensions		7,400	11,851
Salary reversals		-	53
Total other pension		15,020	19,085

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES			
Net surplus as per Statement of Financial Performance		3,853,504	4,361,737
Add back non cash/cash movements not deemed operating activities		(3,301,592)	(6,687,785)
Decrease/(increase) in receivables – current	11	(3,434)	170,210
Increase in prepayments and advances	10	60,893	(58,680)
Increase/(decrease) in payables – current	17	(4,050)	6,118
Proceeds from sale of capital assets		(111)	-
Expenditure on capital assets	8	21,871	19,982
Surrenders to Revenue Fund	14&15	(3,267,971)	(6,667,871)
Surrenders to RDP Fund/Donor	3	(1,503)	(644)
Dividend received	2.2	(107,287)	(156,900)
Net cash flow (utilised)/generated by operating activities		551,912	(2,326,048)

19. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

Consolidated Paymaster General account	727,506	106,831
Cash on hand	23	23
Cash with commercial banks (local)	21,180	3,986
Total	748,709	110,840

20. CONTINGENT LIABILITIES

Liable to	Nature		
Other guarantees ²²	Annex3A	26,844,357	26,514,055
Claims against the department	Annex3B	2,536,516	1,392,674
Other contingent liabilities	Annex3B	630,915	693,202
Total		30,011,788	28,599,931

21. COMMITMENTS

Current expenditure			
Approved and contracted		736,777	135,677
Total²³		736,777	135,677

²² Amount per annexure 3A is made up of the closing balance R 26,7 billion and interest R62,7 million (2012/13: R26,4 billion + R65,6 million).

²³ Commitments pertaining to contracts at year end that are older than 1 year are equal to R441,6 million. The increase in the amount disclosed in the current year is due to the new transversal systems contracts that were finalized in June 2013 for Business Connexion (PERSAL & Vulindlela) R275.6 million and Accenture (BAS & LOGIS) R398.5 million, the contracts will expire in July 2016.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
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22. ACCRUALS

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	9,962	423	10,385	24,672
Transfers and subsidies	25,072	3,754	28,826	24,423
Capital Assets				24
Other				742
Total	35,002	4,177	39,211	49,861

Listed by programme level

Administration	6,476	6,037
Economic Policy, Tax, Financial Regulation and Research	672	478
Public Finance and Budget Management	915	2,652
Asset and Liability Management	657	862
Financial Systems and Accounting	829	15,786
International Financial Relations	805	301
Civil and Military Pensions, Contributions to Funds and Other	28,739	23,442
Benefits	118	303
Total	39,211	49,861

23. EMPLOYEE BENEFITS

Leave entitlement	13,064	19,851
Service bonus (thirteenth cheque)	12,443	11,335
Performance awards	24,338	29,612
Capped leave commitments	13,963	15,256
Total²⁴	63,808	76,054

²⁴ Leave entitlements and capped leave commitments include negative balances of R1,8 million and R10 000 respectively.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
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24. LEASE COMMITMENTS

Operating leases expenditure

2013/14	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	58,007	1,544	59,551
Later than 1 year and not later than 5 years	113,607	1,272	114,879
Total lease commitments²⁵	171,614	2,816	174,430

2012/13	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	28,358	1,435	29,793
Later than 1 year and not later than 5 years	-	1,069	1,069
Total	28,358	2,504	30,862

25. RECEIVABLES FOR DEPARTMENTAL REVENUE

Sales of goods and services other than capital assets	33,381	261
Interest, dividends and rent on land	197,328	224,354
Financial transactions in assets and liabilities	4,749	18,271
Total	235,458	242,886

25.1 Analysis of receivables for departmental revenue

Opening balance	242,886	318,854
Less: Amount received	(242,886)	(318,854)
Add: Amount recognised	235,458	242,886
Total	235,458	242,886

²⁵ Lease commitments for buildings and other fixed structures relate to office space and parking, the lease contracts expired in February 2014, the new lease contracts are being finalized in conjunction with the Department of Public Works.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
26. IRREGULAR EXPENDITURE			
Reconciliation of irregular expenditure			
Opening balance			-
Add: Irregular expenditure – relating to current year		9,068	115
Less: Amounts condoned		(9,068)	(115)
Irregular expenditure awaiting condonation		-	-
Analysis of awaiting condonation per age classification			
Current year		-	-
Prior years		-	-
Total		-	-

26.1 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Usage of service provider in an established panel of forensic firms without following proper supply chain management procedures	Cautionary warning letters were issued to 2 officials	9,068
Total		9,068

26.2 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2013/14 R'000
Usage of service provider in an established panel of forensic firms without following proper supply chain management procedures	National Treasury	9,068
Total		9,068

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
27. FRUITLESS AND WASTEFUL EXPENDITURE			
Opening balance			-
Fruitless and wasteful expenditure –relating to prior year			-
Fruitless and wasteful expenditure –relating to current year		1	-
Less: Amounts Condoned		(1)	-
Fruitless and wasteful expenditure awaiting condonation		-	-

27.1 Analysis of current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Bank charges relating to incorrect payout of an investment in the RSA retail bonds	A final warning letter was issued to the responsible official.	1
Total		1

28. KEY MANAGEMENT PERSONNEL

	No. of Individuals		
Political office bearers	2	3,991	3,801
Officials:			
Level 14	69	78,430	64,681
Level 15 to 16	14	16,920	13,634
Total		99,341	82,116

29. IMPAIRMENT

Ex-Employee debtors	450	1,014
Other debtors (<i>Material Losses</i>) ²⁶	37,083	36,290
Departmental losses	8	-
Total	37,541	37,304

²⁶ Other debtors include R35 million from GPAA relating to pension payouts made to 752 pensioners as a result of misinterpretation of the Special Pensions Act which were approved for write-off annually.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14 R'000	2012/13 R'000
30. PROVISIONS			
Military Pension		6,511	6,160
Injury on duty		63,143	37,801
Military Medical benefits		3,670	684
Post-Retirement Medical benefits		331	240
Admin Expense Claim		4,590	4,401
Special Pension		47,475	105,451
Government Employees Pension Fund ²⁷ (GEPF)		3,536,500	5,901,790
SARS claim ²⁸		3,595	-
Adam Smith International Claim		250	-
Unlawful Blacklisting Claim ²⁹		1,395	-
Total		3,667,460	6,056,527

30.1 Reconciliation of movement in provisions – 2013/14

	Military Pensions R'000	Injury on Duty R'000	Military Medical Benefits R'000	Post-retirement Medical Benefits R'000
Opening balance	6,160	37,801	684	240
Provisions raised	6,047	41,867	6,311	28,028
Amounts used	(5,696)	(16,525)	(3,325)	(27,937)
Closing balance	6,511	63,143	3,670	331

	Special Pensions R'000	GEPF R'000	Others R'000	Total provisions R'000
Opening balance	105,451	5,901,790	4,401	6,056,527
Provisions raised	-	-	9,830	90,688
Unused amounts reversed	(55,224)	-	-	(55,224)
Amounts used	(2,752)	(600,000)	(4,401)	(660,636)
Change in provision due to change in estimation inputs	-	(1,765,290)	-	(1,765,290)
Closing balance	47,475	3,536,500	9,830	3,667,460

²⁷ This amount relates to the revised Non Statutory Forces (NSF) pension dispensation that was approved by Cabinet in 2010. In 2013/14 financial year, a final revised funding plan based on repaying a total debt of R4,1 billion for a period of nine years was agreed upon, by GEPF and National Treasury. A payment of R600 million was made to GEPF (refer to annexure G) in March 2014, which was deducted from the total debt, leaving a balance of R3,5 billion.

²⁸ This amount relates to a claim for salaries of SARS personnel seconded to the National Treasury.

²⁹ This amount was initially disclosed as contingent liability until 9 May 2014, when the court found against the Minister and ordered the settlement of the claim with interest and costs.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

31. RELATED PARTIES

31.1 Parties related to the National Treasury

1. The Financial and Fiscal Commission (FFC)
2. Financial Intelligence Centre (FIC)
3. Development Bank of Southern Africa Limited (DBSA)
4. Accounting Standards Board (ASB)
5. Financial Services Board (FSB)
6. Public Investment Corporation (PIC)
7. South African Revenue Service (SARS)
8. Sasria Limited (SASRIA)
9. Project Development Facility (PDF)
10. The Land and Agricultural Development Bank of South Africa (Land Bank)
11. Corporation for Public Deposits
12. DBSA Development Fund
13. Independent Regulatory Board for Auditors (IRBA)
14. Financial Advisory Intermediary Services (FAIS) Ombudsman
15. Office of the Pension Fund Adjudicator (OPFA)
16. The Co-operative Banks Development Agency (CBDA)
17. Technical Assistance Unit (TAU)
18. Government Pensions Administration Agency (GPAA)
19. South African Reserve Bank (SARB)

31.2 Related Party Transactions

Name	Nature	Space Occupied	2013/14	2012/13
Financial			R'000	R'000
TAU	<i>Building Occupied</i>	1475	2,150	1,429
CBDA	<i>Building Occupied</i>	646	942	753
Project Development Facility	<i>Building Occupied</i>	665	969	776
Department of Public Works	<i>Building Occupied (40 Church Square)</i>		3,871	3,366
TOTAL³⁰			7,932	6,324

³⁰ The amounts relating to TAU, CBDA, PPP are reflected at fair values as the entities do not pay actual rent.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

32. CHANGE IN ACCOUNTING ESTIMATES

	Value from original estimate	Value from amended estimate	R-value impact of change in estimate
Repayment agreement between National Treasury and GEPR on the revised Non Statutory Forces dispensation ³¹	5,301,790	3,536,500	1,765,290

33. MOVABLE TANGIBLE CAPITAL ASSETS

Movement in movable tangible capital assets per asset register for the year ended 31 March 2014

	Opening balance	Current Year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment					
Transport assets	3,800		300	(460)	3,640
Computer equipment	62,999		6,039	(11,561)	57,477
Furniture and office equipment	17,848	(4)	1,067	(225)	18,686
Other machinery and equipment	16,591	4	14,465	(537)	30,523
Total movable tangible capital assets	101,238	-	21,871	(12,783)	110,326

33.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2014

	Cash	Non-cash	(Capital work in Progress current costs and finance lease payments)	Received current, not paid (paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Description					
Transport assets	300	-	-	-	300
Computer equipment	6,039	-	-	-	6,039
Furniture and office equipment	1,067	-	-	-	1,067
Other machinery and equipment	14,465	-	-	-	14,465
Total additions of movable tangible capital assets	21,871	-	-	-	21,871

³¹ The change in accounting estimate resulted from the agreement between National and GEPR on the revised repayment plan which covers a period of nine years based on what will be feasible to both parties.

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

33.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2014

	Assets Sold	Transfer out or destroyed or scrapped	Total Disposals	Cash received actual
	R'000	R'000	R'000	R'000
Description				
Transport assets	460	-	460	111
Computer equipment	5,137	6,424	11,561	99
Furniture and office equipment	56	169	225	-
Other machinery and equipment	51	486	537	-
Total Disposals of movable tangible capital assets	5,704	7,079	12,783	210

33.3 Movement for 2012/13

Movement in the movable tangible capital assets per asset register for the year ended 31 March 2013

	Opening balance	Current Year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Transport assets	3,841	(1)	1,013	(1,053)	3,800
Computer equipment	57,247	(12)	9,254	(3,490)	62,999
Furniture and office equipment	17,052	3	908	(115)	17,848
Other machinery and equipment	7,952	(1)	8,652	(12)	16,591
Total movable tangible assets	86,092	(11)	19,827	(4,670)	101,238

33.4 Minor assets

Movement in minor assets per the asset register for the year ended 31 March 2014

	Intangible Assets	Heritage Assets	Machinery and equipment	Biological assets	Closing balance
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	33,864	-	33,864
Current year adjustment to prior year balances	-	-	-	-	-
Additions	-	-	346	-	346
Disposal	-	-	(1,409)	-	(1,409)
TOTAL	-	-	32,801	-	32,801

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Machinery and equipment	Total
Number of minor assets at cost	22	22
Total number of minor assets	22	22

Movement in minor assets per the asset register for the year ended 31 March 2013

	Intangible Assets R'000	Heritage Assets R'000	Machinery and equipment R'000	Biological assets R'000	Closing balance R'000
Opening balance	-	-	33,671	-	33,671
Additions	-	-	848	-	848
Disposal	-	-	(655)	-	(655)
TOTAL	-	-	33,864	-	33,864

	Machinery and equipment	Total
Number of minor assets at cost	22	22
Total number of minor assets	22	22

34. INTANGIBLE CAPITAL ASSETS

Movement in Intangible Capital Assets per the asset register for the year ended 31 March 2014

	Opening Balance R'	Current year adjustments to prior year balances R'	Additions R'	Disposals R'	Closing balance R'
Computer Software	4	-	-	-	4
TOTAL³²	4	-	-	-	4

³² Legacy systems (BAS, Persal, Logis, and Vulindlela) at a fair value of R4 (R1 each).

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

34.1 Additions

Additions to Intangible capital assets per asset register for the year ended 31 March 2014

	Cash	Non-cash	(Development work-in- progress current costs)	Received current, not paid (paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Description					
Computer Software	-	-	-	-	-
Total additions of Intangible capital assets	-	-	-	-	-

34.2 Disposals

Disposals of Intangible capital assets per asset register for the year ended 31 March 2014

	Assets Sold	Transfer out or destroyed or scrapped	Total Disposals	Cash received actual
	R'000	R'000	R'000	R'000
Description				
Computer Software	-	-	-	-
Total Disposal of Intangible capital assets	-	-	-	-

35. IMMOVABLE TANGIBLE CAPITAL ASSETS

Movement in Immovable Tangible Capital Assets per asset register for the year ended 31 March 2014

	Opening Balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Other fixed Structures	615	-	-	-	615
TOTAL	615	-	-	-	615

NATIONAL TREASURY VOTE 10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

35.1 Additions

Additions to Immovable Tangible capital assets per asset register for the year ended 31 March 2014

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Description					
Other Fixed Structures	-	-	-	-	-
Total additions of Immovable Tangible capital assets	-	-	-	-	-

35.2 Disposals

Disposals of Immovable Tangible capital assets per asset register for the year ended 31 March 2014

	Assets Sold	Transfer out or destroyed or scrapped	Total Disposals	Cash received actual
	R'000	R'000	R'000	R'000
Description				
Other Fixed Structures	-	-	-	-
Total Disposal of Immovable Tangible capital assets	-	-	-	-

36. AGENT-PRINCIPAL ARRANGEMENTS

34.1 Department acting as the principal

	2013/14 R'000
Government Pension Administration Agency (GPAA)	3,523,098
Total	3,523,098

NATIONAL TREASURY VOTE 10

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

37. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF CONDITIONAL GRANT	GRANT ALLOCATION (2013/14)				SPENT (2013/14)			2012/13	
	Division of Revenue Act	Rolovers	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / overspending	%age of available funds spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Local Government Financial Management Grant	424,798	-	-	-	424,798	424,798	424,798	-	100%
Neighborhood Development Partners Grant	598,041	-	-	-	598,041	598,041	595,935	2,106	98%
Infrastructure Skills Development Grant	98,500	-	-	-	98,500	98,500	98,500	-	100%
Integrated Cities Development Grant	40,000	-	-	-	40,000	40,000	40,000	-	100%
Total conditional grants to municipalities	1,161,339	-	-	-	1,161,339	1,161,339	1,149,233	2,106	99%
									1,056,345³³
									1,056,345

³³ This total relates to transfers to municipalities. Refer to annexure 1A for a detailed breakdown.

NATIONAL TREASURY VOTE 10

ANNEXURES TO THE ANNUAL
FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A

Statement of Conditional Grants Paid to Municipalities: INTEGRATED CITIES DEVELOPMENT GRANT

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)			TRANSFER (2013/14)				SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Nelson Mandela	3,193	-	-	3,193	3,193	-	-	3,193	-	-	-
Ekurhuleni	8,808	-	-	8,808	8,808	-	-	8,808	-	-	-
City of Tshwane	8,096	-	-	8,096	8,096	-	-	8,096	-	-	-
eThekweni	9,539	-	-	9,539	9,539	-	-	9,539	556	-	-
City of Cape Town	10,364	-	-	10,364	10,364	-	-	10,364	313	-	-
Total	40,000	-	-	40,000	40,000	-	-	40,000	869	-	-

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)			TRANSFER (2013/14)			SPENT (2013/14)			2012/13	
	Division of revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Amatole District Municipalities	-	-	-	-	-	-	-	-	-	-	32,940
Ba-Phalaborwa	-	-	-	-	-	-	-	-	-	-	9,000
Beaufort West	-	-	-	-	-	-	-	-	-	-	5,300
Bitou	-	-	-	-	-	-	-	-	-	-	213
Cederberg	-	-	-	-	-	-	-	-	-	-	945
Cape Town	30,000	-	(4,000)	26,000	26,000	-	-	26,000	16,418	63%	30,000
Ekurhuleni Metro	10,000	-	(2,000)	8,000	8,000	-	-	8,000	-	100%	-
Emnambithi (Ladysmith)	1,937	-	10,906	12,843	12,843	-	-	12,843	12,843	100%	15,000
Ethekwini	3,555	-	-	3,555	3,555	-	-	3,555	3,555	100%	10,000
Greater Taung	20,466	-	2,878	23,344	23,344	-	-	23,344	7,706	33%	10,842
Greater Tubatse	10,715	-	(5,187)	5,528	5,528	-	-	5,528	384	7%	-
Greater Tzaneen	30,347	-	(6,997)	23,350	23,350	-	-	23,350	14,076	60%	10,000
Johannesburg	60,000	-	(27,132)	32,868	32,868	-	-	32,868	9,024	27%	48,000
King Sabata Dalindyebo	-	-	-	-	-	-	-	-	-	-	5,000
Knysna	-	-	-	-	-	-	-	-	-	-	43
Kwadukuza	23,000	-	-	23,000	23,000	-	-	23,000	8,109	35%	2,907
Subtotal carried forward	190,020	-	(31,532)	158,488	158,488	-	-	158,488	72,115		180,190

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: **NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT** - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)			SPENT (2013/14)			2012/13
	Division of revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Subtotal brought forward	190,020	-	(31,532)	158,488	158,488	-	-	158,488	72,115		180,190
Lekwa	-	-	-	-	-	-	-	-	-	-	1,745
Makana	20,491	-	(14,650)	5,841	5,841	-	-	5,841	5,841	100%	13,300
Mandeni	-	-	8,364	8,364	8,364	-	-	8,364	8,364	100%	-
Matjhabeng	715	-	(615)	100	100	-	-	100	100	100%	715
Matlosana	10,000	-	(10,000)	-	-	-	-	-	-	-	-
Matzikama	2,800	-	-	2,800	2,800	-	-	2,800	2,509	90%	2,139
Mbombela	-	-	1,560	1,560	-	-	-	-	-	-	-
Mogalakwena	32,941	-	-	32,941	32,941	-	-	32,941	27,281	83%	10,626
Mogale City	10,000	-	2,000	12,000	12,000	-	-	12,000	-	-	-
Msunduzi	-	-	10,000	10,000	6,600	-	-	6,600	-	-	-
Ndwedwe	19,768	-	(14,768)	5,000	5,000	-	-	5,000	5,000	100%	-
Nelson Mandela Bay	70,000	-	(30,733)	39,267	32,121	-	-	32,121	8,761	27%	64,062
Newcastle	9,529	-	471	10,000	1,000	-	-	10,000	9,390	94%	9,000
Nongoma	26,100	-	(100)	26,000	26,000	-	-	26,000	26,000	100%	20,554
Oudtshoorn	-	-	-	-	-	-	-	-	-	-	10,825
Overstrand	3,970	-	(7)	3,963	3,963	-	-	3,963	3 963	100%	2,418
Polokwane	5,000	-	(5,000)	-	-	-	-	-	-	-	18,000
Ramotshere Moila	13,000	-	(3,500)	9,500	9,500	-	-	9,500	6,270	66%	10,000
Subtotal carried forward	414,334	-	(88,510)	325,824	313,718	-	-	313,718	175,594		343,574

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)			SPENT (2013/14)		2012/13
	Division of revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Subtotal brought forward	414,334	-	(88,510)	325,824	313,718	-	-	313,718	175,594	
Sedibeng	16,205	-	-	16,205	16,205	-	-	16,205	2,075	13%
Senqu	-	-	-	-	-	-	-	-	-	-
Steve Tshwete	5,000	-	6,637	11,637	11,637	-	-	11,637	6,346	55%
Thulamela	16,000	-	9,000	25,000	25,000	-	-	25,000	25,000	100%
Tshwane	124,215	-	74,921	199,136	199,136	-	-	199,136	90,756	46%
Umtshezi	-	-	8,508	8,508	8,508	-	-	8,508	7,663	90%
Umgomkhulu	21,000	-	(9,269)	11,731	11,731	-	-	11,731	12,841	109%
Witzenberg	-	-	-	-	-	-	-	-	-	-
Total ³⁴	596,754	-	1,287	598,041	585,935	-	-	585,935	320,275	55%
								</		

³⁴ Amounts disclosed in the annexures are the amounts appropriated per the Appropriation Act (Budget amount); amounts disclosed in the notes to the annual financial statements in the prior year are the actual expenditure on transfers and subsidies.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: INFRASTRUCTURE SKILLS DEVELOPMENT GRANT

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)			TRANSFER (2013/14)			SPENT (2013/14)			2012/13
	Division of revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Buffalo City	5,800	-	-	5,800	5,800	-	-	5,800	2,231	38%
Nelson Mandela Bay	8,200	-	-	8,200	8,200	-	-	8,200	5,461	67%
Lukhanji	2,300	-	-	2,300	2,300	-	-	2,300	1,805	78%
King Sabata Dalindyebo	-	-	2,000	2,000	2,000	-	-	2,000	1,267	63%
Alfred Nzo	-	-	2,000	2,000	2,000	-	-	2,000	749	37%
Emfuleni	30,000	-	(20,000)	10,000	10,000	-	-	10,000	17,665	177%
Westonaria	3,000	-	-	3,000	3,000	-	-	3,000	1,462	49%
Ethekwini	33,000	-	(14,500)	18,500	18,500	-	-	18,500	16,555	89%
Ugu	-	-	-	-	-	-	-	-	-	-
Umlathuze	4,000	-	3,000	7,000	7,000	-	-	7,000	4,861	69%
Polokwane	3,200	-	-	3,200	3,200	-	-	3,200	3,685	115%
Govan Mbeki	-	-	25,500	25,500	25,500	-	-	25,500	-	-
Gert Sibande	-	-	1,000	1,000	1,000	-	-	1,000	-	-
John Taolo Gaetsewe	-	-	-	-	-	-	-	-	281	-
Sol Plaatjie	3,000	-	-	3,000	3,000	-	-	3,000	2,319	77%
Ditsobotla	3,000	-	-	3,000	3,000	-	-	3,000	4,172	139%
City of Cape Town	-	-	1,000	1,000	1,000	-	-	1,000	-	-
George	3,000	-	-	3,000	3,000	-	-	3,000	1,399	47%
Total ³⁵	98,500	-	-	98,500	98,500	-	-	98,500	63,912	65%
										75,460

³⁵ Amounts disclosed in the annexures are the amounts appropriated per the Appropriation Act (Budget amount); amounts disclosed in the notes to the annual financial statements in the prior year are the actual expenditure on transfers and subsidies.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
IKail! Garib	1,650	-	-	1,650	1,650	100%	1,650	1,448	88%	1,500
IKheis	1,650	-	-	1,650	1,650	100%	1,650	1,447	88%	1,500
//Kharahais	1,550	-	-	1,550	1,550	100%	1,550	788	51%	1,500
Abaqulusi	1,550	-	-	1,550	1,550	100%	1,550	1,227	79%	1,500
Aganang	1,650	-	-	1,650	1,650	100%	1,650	1,264	77%	1,500
Albert Luthuli	1,550	-	-	1,550	1,550	100%	1,550	908	59%	1,250
Alfred Nzo	1,500	-	-	1,500	1,500	100%	1,500	908	61%	1,250
Amahlathi	1,550	-	-	1,550	1,550	100%	1,550	1,416	91%	1,500
Amajuba	1,500	-	-	1,500	1,500	100%	1,500	812	54%	1,500
Amatole	1,250	-	-	1,250	1,250	100%	1,250	1,036	83%	1,250
Ba-Phalaborwa	1,550	-	-	1,550	1,550	100%	1,550	846	55%	1,500
Baviaans	1,400	-	-	1,400	1,400	100%	1,400	1,055	75%	1,250
Beaufort West	1,450	-	-	1,450	1,450	100%	1,450	706	49%	1,250
Bela-Bela	1,550	-	-	1,550	1,550	100%	1,550	1,373	89%	1,500
Bergvriev	1,300	-	-	1,300	1,300	100%	1,300	539	41%	1,250
Bitou	1,300	-	-	1,300	1,300	100%	1,300	857	66%	1,250
Blouberg	1,650	-	-	1,650	1,650	100%	1,650	1,445	88%	1,500
Blue Crane Route	1,550	-	-	1,550	1,550	100%	1,550	718	46%	1,500
Subtotal carried forward	27,150	-	-	27,150	27,150		27,150	18,793		25,250

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Subtotal brought forward	27,150	-	-	27,150	27,150		27,150	18,793		25,250
Bojanala Platinum	1,250	-	-	1,250	1,250	100%	1,250	988	79%	1,250
Dr. Ruth Segomotsi Mompati District	1,300	-	-	1,300	1,300	100%	1,300	747	57%	1,250
Langerberg	1,500	-	-	1,500	1,500	100%	1,500	1,096	73%	1,250
Breede Valley	1,550	-	-	1,550	1,550	100%	1,550	989	64%	1,250
Buffalo City	1,250	-	-	1,250	1,250	100%	1,250	872	70%	1,500
Bushbuckridge	1,750	-	-	1,750	1,750	100%	1,750	692	40%	1,500
Cacadu	1,300	-	-	1,300	1,300	100%	1,300	987	76%	1,250
Camdeboo	1,250	-	-	1,250	1,250	100%	1,250	660	53%	1,750
Cape Agulhas	1,250	-	-	1,250	1,250	100%	1,250	206	16%	1,250
Cape Town	1,300	-	-	1,300	1,300	100%	1,300	1,227	94%	1,250
Cape Winelands	1,250	-	-	1,250	1,250	100%	1,250	572	46%	1,250
Capricorn	1,500	-	-	1,500	1,500	100%	1,500	390	26%	1,250
Cederberg	1,250	-	-	1,250	1,250	100%	1,250	232	19%	1,250
Central Karoo	1,250	-	-	1,250	1,250	100%	1,250	832	67%	1,250
Chris Hani	1,550	-	-	1,550	1,550	100%	1,550	552	36%	1,500
Dannhauser	5,000	-	-	5,000	5,000	100%	5,000	1,783	36%	1,250
Delmas	1,650	-	-	1,650	1,650	100%	1,650	724	44%	1,500
Ditlabeng	1,550	-	-	1,550	1,550	100%	1,550	1,270	82%	1,500
Dikgatlong	1,650	-	-	1,650	1,650	100%	1,650	1,224	74%	1,500
Dipaleseng	1,550	-	-	1,550	1,550	100%	1,550	1,479	95%	1,500
Subtotal carried forward	59,050	-	-	59,050	59,050		59,050	36,315		52,500

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Balance brought forward	59,050	-	-	59,050	59,050		59,050	36,315		52,500
Ditsobotla	1,550	-	-	1,550	1,550	100%	1,550	181	12%	1,500
Dr JS Moroka	1,550	-	-	1,550	1,550	100%	1,550	877	57%	1,250
Drakenstein	1,250	-	-	1,250	1,250	100%	1,250	215	17%	1,250
Eden	1,250	-	-	1,250	1,250	100%	1,250	315	25%	1,250
Edumbe	1,300	-	-	1,300	1,300	100%	1,300	490	38%	1,500
Ehlanzeni	1,250	-	-	1,250	1,250	100%	1,250	1,069	86%	1,500
Ekurhuleni Metro	1,650	-	-	1,650	1,650	100%	1,650	1,163	70%	1,250
Elundini	1,500	-	-	1,500	1,500	100%	1,500	838	56%	1,500
Emadlangeni	1,250	-	-	1,250	1,250	100%	1,250	741	59%	1,500
Emakhazeni	1,550	-	-	1,550	1,550	100%	1,550	1,139	73%	1,500
Emalahleni(Eastern Cape)	1,550	-	-	1,550	1,550	100%	1,550	676	44%	1,500
Emalahleni (Mpumalanga)	1,650	-	-	1,650	1,650	100%	1,650	635	38%	1,500
Emfuleni	1,550	-	-	1,550	1,550	100%	1,550	1,329	86%	1,250
Emnambithi (Ladysmith)	1,650	-	-	1,650	1,650	100%	1,650	1,266	77%	1,500
Emthanjeni	1,550	-	-	1,550	1,550	100%	1,550	601	39%	1,500
Endumeni	1,300	-	-	1,300	1,300	100%	1,300	501	39%	1,500
Engcobo	1,550	-	-	1,550	1,550	100%	1,550	898	58%	1,500
Ethekwini	1,550	-	-	1,550	1,550	100%	1,550	828	53%	1,500
Ezingolweni	1,550	-	-	1,550	1,550	100%	1,550	423	27%	1,500
Fetakgomo	1,550	-	-	1,550	1,550	100%	1,550	560	36%	1,500
Subtotal carried forward	88,600	-	-	88,600	88,600		88,600	51,060		81,250

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)		2012/13	
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality		% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
Balance brought forward	88,600	-	-	88,600	88,600		88,600	51,060		81,250
Fezile Dabi	1,550	-	-	1,550	1,550	100%	1,550	699	45%	1,250
Frances Baard	1,250	-	-	1,250	1,250	100%	1,250	1,250	100%	1,250
Gamaqara	1,650	-	-	1,650	1,650	100%	1,650	881	53%	1,500
Gariep	1,650	-	-	1,650	1,650	100%	1,650	1,290	78%	1,500
Ga-Segonyana	1,250	-	-	1,250	1,250	100%	1,250	857	69%	1,500
George	1,250	-	-	1,250	1,250	100%	1,250	625	50%	1,250
Gert Sibande	1,550	-	-	1,550	1,550	100%	1,550	1,550	100%	1,250
Govan Mbeki	1,650	-	-	1,650	1,650	100%	1,650	1,183	72%	1,500
Great Kei	1,550	-	-	1,550	1,550	100%	1,550	1,112	72%	1,500
Greater Giyani	1,300	-	-	1,300	1,300	100%	1,300	939	72%	1,500
Greater Kokstad	1,250	-	-	1,250	1,250	100%	1,250	752	60%	1,500
Greater Letaba	1,550	-	-	1,550	1,550	100%	1,550	523	34%	1,500
Greater Marble Hall	1,650	-	-	1,650	1,650	100%	1,650	1,404	85%	1,500
Greater Sekukhune	1,550	-	-	1,550	1,550	100%	1,550	1,292	83%	1,250
Greater Taung	1,550	-	-	1,550	1,550	100%	1,550	982	63%	1,500
Greater Tubatse	1,550	-	-	1,550	1,550	100%	1,550	692	45%	1,500
Greater Tzaneen	1,650	-	-	1,650	1,650	100%	1,650	918	56%	1,500
Hantam	1,550	-	-	1,550	1,550	100%	1,550	692	45%	1,500
Hessequa	1,550	-	-	1,550	1,550	100%	1,550	750	48%	1,250
Hibiscus Coast	1,650	-	-	1,650	1,650	100%	1,650	519	31%	1,500
Subtotal carried forward	118,750	-	-	118,750	118,750		118,750	69,970		109,750

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Balance brought forward	118,750	-	-	118,750	118,750		118,750	69,970		109,750
Hlabisa	1,300	-	-	1,300	1,300	100%	1,300	956	74%	1,500
Ikwezi	1,550	-	-	1,550	1,550	100%	1,550	1,305	84%	1,500
iLembe	1,650	-	-	1,650	1,650	100%	1,650	870	53%	1,250
Imbabazane	1,650	-	-	1,650	1,650	100%	1,650	653	40%	1,500
Impendle	1,250	-	-	1,250	1,250	100%	1,250	657	53%	1,500
Indaka	1,650	-	-	1,650	1,650	100%	1,650	1,472	89%	1,500
Ingwe	1,650	-	-	1,650	1,650	100%	1,650	1,029	62%	1,500
Inkwanca	1,650	-	-	1,650	1,650	100%	1,650	1,061	64%	1,500
IntsikaYethu	1,650	-	-	1,650	1,650	100%	1,650	1,565	95%	1,500
Inxuba Ye Themba	1,650	-	-	1,650	1,650	100%	1,650	446	27%	1,500
City of Johannesburg	1,550	-	-	1,550	1,550	100%	1,550	1,289	83%	1,250
Jozini	1,550	-	-	1,550	1,550	100%	1,550	1,038	67%	1,500
Kagisano	1,250	-	-	1,250	1,250	100%	1,250	611	49%	3,000
Kamiesberg	1,550	-	-	1,550	1,550	100%	1,550	864	56%	1,500
Kannaland	1,250	-	-	1,250	1,250	100%	1,250	653	52%	1,250
Kareeberg	1,650	-	-	1,650	1,650	100%	1,650	1,334	81%	1,500
Karoo Hoogland	2,598	-	-	2,598	2,598	100%	2,598	1,728	67%	1,500
Kgalagadi	1,650	-	-	1,650	1,650	100%	1,650	1,399	85%	1,250
Kgatelopele	1,400	-	-	1 400	1,400	100%	1,400	449	32%	1,500
Kgetlenrivier	1,650	-	-	1 650	1,650	100%	1,650	1,232	75%	1,500
Subtotal carried forward	150,498	-	-	150,498	150,498		150,498	90,581		140,250

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Balance brought forward	150,498	-	-	150,498	150,498		150,498	90,581		140,250
Khai-Ma	1,650	-	-	1,650	1,650	100%	1,650	401	24%	1,500
King Sabata Dalindyebo	1,650	-	-	1,650	1,650	100%	1,650	1,073	65%	1,500
Knysna	1,650	-	-	1,650	1,650	100%	1,650	580	35%	1,250
Kopanong	1,650	-	-	1,650	1,650	100%	1,650	955	58%	1,500
Kouga	1,550	-	-	1,550	1,550	100%	1,550	1,219	79%	1,500
Koukamma	1,300	-	-	1,300	1,300	100%	1,300	670	52%	1,500
Kwa Dukuza	1,550	-	-	1,550	1,550	100%	1,550	1,331	86%	1,500
Kwa Sani	1,550	-	-	1,550	1,550	100%	1,550	811	52%	1,500
Laingsburg	1,650	-	-	1,650	1,650	100%	1,650	1,094	66%	1,500
Lejweleputswa	1,650	-	-	1,650	1,650	100%	1,650	1,305	79%	1,250
Lekwa	1,550	-	-	1,550	1,550	100%	1,550	705	45%	1,250
Lekwa-Temane	1,500	-	-	1,500	1,500	100%	1,500	1,295	86%	1,500
Lepelle-Nkumpi	1,300	-	-	1,300	1,300	100%	1,300	488	38%	1,500
Lephalale	1,250	-	-	1,250	1,250	100%	1,250	685	55%	1,500
Lesedi	1,550	-	-	1,550	1,550	100%	1,550	1,061	68%	1,250
Letsemeng	1,550	-	-	1,550	1,550	100%	1,550	1,214	78%	1,500
Lukhanji	1,550	-	-	1,550	1,550	100%	1,550	1,179	76%	1,500
Elias Motsoaledi	1,550	-	-	1,550	1,550	100%	1,550	1,206	78%	1,500
Madibeng	1,300	-	-	1,300	1,300	100%	1,300	453	35%	1,500
Subtotal carried forward	179,448	-	-	179,448	179,448		179,448	108,306		167,750

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Balance brought forward	179,448	-	-	179,448	179,448		179,448	108,306		167,750
Mafikeng	1,650	-	-	1,650	1,650	100%	1,650	1,201	73%	1,500
Mafube	1,550	-	-	1,550	1,550	100%	1,550	775	50%	1,500
Magareng	1,550	-	-	1,550	1,550	100%	1,550	1,200	77%	1,500
Makana	1,550	-	-	1,550	1,550	100%	1,550	595	38%	1,500
Makhado	1,650	-	-	1,650	1,650	100%	1,650	1,536	93%	1,500
Makhudutamaga	1,650	-	-	1,650	1,650	100%	1,650	1,201	73%	1,500
Maletswai	1,550	-	-	1,550	1,550	100%	1,550	909	59%	1,500
Maluti-A-Phofung	1,550	-	-	1,550	1,550	100%	1,550	1,124	73%	1,500
Mamusa	1,550	-	-	1,550	1,550	100%	1,550	745	48%	1,500
Mandeni	1,650	-	-	1,650	1,650	100%	1,650	1,243	75%	1,500
Mangaung	1,550	-	-	1,550	1,550	100%	1,550	762	49%	1,500
Mantsopa	1,650	-	-	1,650	1,650	100%	1,650	811	49%	1,500
Maphumulo	1,650	-	-	1,650	1,650	100%	1,650	817	50%	1,500
Maquassi Hill	1,500	-	-	1,500	1,500	100%	1,500	1,469	98%	1,500
Maruleng	1,550	-	-	1,550	1,550	100%	1,550	606	39%	1,500
Masilonyana	1,650	-	-	1,650	1,650	100%	1,650	878	53%	1,500
Matatiele	1,550	-	-	1,550	1,550	100%	1,550	1,105	71%	1,500
Matjabeng	1,650	-	-	1,650	1,650	100%	1,650	723	44%	1,500
City of Matlosana	1,650	-	-	1,650	1,650	100%	1,650	1,545	94%	1,500
Matzikama	1,550	-	-	1,550	1,550	100%	1,550	932	60%	1,250
Subtotal carried forward	211,298	-	-	211,298	211,298		211,298	128,483		197,500

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Balance brought forward	211,298	-	-	211,298	211,298		211,298	128,483		197,500
Mbhashe	1,550	-	-	1,550	1,550	100%	1,550	1,193	77%	1,500
Mbizana	1,300	-	-	1,300	1,300	100%	1,300	972	75%	1,500
Mbombela	1,550	-	-	1,550	1,550	100%	1,550	966	62%	1,500
Mfolozi	1,550	-	-	1,550	1,550	100%	1,550	1,215	78%	1,500
Merafong City	1,550	-	-	1,550	1,550	100%	1,550	962	62%	1,500
Metsimaholo	1,550	-	-	1,550	1,550	100%	1,550	610	39%	1,500
Mhlontlo	1,550	-	-	1,550	1,550	100%	1,550	947	61%	1,500
Midvaal	1,650	-	-	1,650	1,650	100%	1,650	640	39%	1,250
Mier	1,650	-	-	1,650	1,650	100%	1,650	707	43%	1,500
Mkhambathini	1,300	-	-	1,300	1,300	100%	1,300	941	72%	1,500
Mkhondo	1,650	-	-	1,650	1,650	100%	1,650	1,080	65%	1,500
Mnquma	1,650	-	-	1,650	1,650	100%	1,650	1,328	80%	1,500
Modimolle	1,550	-	-	1,550	1,550	100%	1,550	648	42%	1,500
Mogalakwena	1,550	-	-	1,550	1,550	100%	1,550	1,264	82%	1,500
Mogale City	1,550	-	-	1,550	1,550	100%	1,550	658	42%	1,250
Mohokare	1,550	-	-	1,550	1,550	100%	1,550	895	58%	1,500
Molemole	1,300	-	-	1,300	1,300	100%	1,300	741	57%	1,500
Mpofana	1,650	-	-	1,650	1,650	100%	1,650	1,118	68%	1,500
Subtotal carried forward	238,948	-	-	238,948	238,948		238,948	145,368		224,000

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Balance brought forward	238,948	-	-	238,948	238,948		238,948	145,368		224,000
Mookgopong	1,550	-	-	1,550	1,550	100%	1,550	747	48%	1,500
Mopani	1,650	-	-	1,650	1,650	100%	1,650	834	51%	1,250
Moghaka	1,250	-	-	1,250	1,250	100%	1,250	731	58%	1,500
Moretele	1,550	-	-	1,550	1,550	100%	1,550	518	33%	1,500
Moses Kotane	1,550	-	-	1,550	1,550	100%	1,550	1,550	100%	1,500
Moshaweng	1,550	-	-	1,550	1,550	100%	1,550	280	18%	1,500
Mossel Bay	1,300	-	-	1,300	1,300	100%	1,300	789	61%	1,250
Msinga	1,650	-	-	1,650	1,650	100%	1,650	1,050	64%	1,500
Msukaligwa	1,650	-	-	1,650	1,650	100%	1,650	1,202	73%	1,500
Msunduzi	1,550	-	-	1,550	1,550	100%	1,550	737	48%	1,500
Mthonjaneni	1,550	-	-	1,550	1,550	100%	1,550	493	32%	1,500
Mtubatuba	1,650	-	-	1,650	1,650	100%	1,650	1,487	90%	1,500
Musina	1,650	-	-	1,650	1,650	100%	1,650	1,115	68%	1,250
Mutale	1,650	-	-	1,650	1,650	100%	1,650	1,488	90%	1,500
Nala	1,650	-	-	1,650	1,650	100%	1,650	1,158	70%	1,500
Naledi (Free State)	1,650	-	-	1,650	1,650	100%	1,650	475	29%	1,500
Naledi (North West)	1,650	-	-	1,650	1,650	100%	1,650	1,316	80%	1,500
NamaKhoi	1,550	-	-	1,550	1,550	100%	1,550	694	45%	1,500
Namakwa	1,550	-	-	1,550	1,550	100%	1,550	763	49%	1,250
Subtotal carried forward	268,748	-	-	268,748	268,748		268,748	162,795		251,500

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)		2012/13	
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality		% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
Balance brought forward	268,748	-	-	268,748	268,748		268,748	162,795		251,500
Ndlambe	1,250	-	-	1,250	1,250	100%	1,250	863	69%	1,753
Ndwedwe	1,750	-	-	1,750	1,750	100%	1,750	1,750	100%	1,500
Nelson Mandela Bay	1,650	-	-	1,650	1,650	100%	1,650	1,081	66%	1,250
Newcastle	1,250	-	-	1,250	1,250	100%	1,250	806	64%	1,500
Ngakamodiri/Molema	1,550	-	-	1,550	1,550	100%	1,550	404	26%	1,250
Ngqushwa	1,250	-	-	1,250	1,250	100%	1,250	733	59%	1,500
Ngwathe	1,650	-	-	1,650	1,650	100%	1,650	886	54%	1,500
Nkandla	1,550	-	-	1,550	1,550	100%	1,550	1,224	79%	1,500
Nkangala	1,550	-	-	1,550	1,550	100%	1,550	533	34%	1,250
Nketoana	1,650	-	-	1,650	1,650	100%	1,650	1,406	85%	1,500
Nkomazi	1,250	-	-	1,250	1,250	100%	1,250	981	78%	1,500
Nkonkobe	1,550	-	-	1,550	1,550	100%	1,550	438	28%	1,500
Nongoma	1,550	-	-	1,550	1,550	100%	1,550	331	21%	1,500
Nquthu	1,650	-	-	1,650	1,650	100%	1,650	796	48%	1,500
Ntabankulu	1,650	-	-	1,650	1,650	100%	1,650	895	54%	1,500
Ntambanana	1,650	-	-	1,650	1,650	100%	1,650	1,046	63%	1,500
Nxuba	1,650	-	-	1,650	1,650	100%	1,650	1,164	71%	1,500
Nyandeni	1,650	-	-	1,650	1,650	100%	1,650	1,018	62%	1,500
O.R Tambo	1,650	-	-	1,650	1,650	100%	1,650	1,372	83%	1,500
Subtotal carried forward	298,098	-	-	298,098	298,098		298,098	180,522		279,503

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)		2012/13	
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality		% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
Balance brought forward	298,098	-	-	298,098	298,098		298,098	180,522		279,503
Okhahlamba	1,550	-	-	1,550	1,550	100%	1,550	1,058	68%	1,500
Oudtshoorn	1,500	-	-	1,500	1,500	100%	1,500	618	41%	1,250
Overberg	1,650	-	-	1,650	1,650	100%	1,650	1,645	100%	1,250
Overstrand	1,300	-	-	1,300	1,300	100%	1,300	1,020	78%	1,250
Phokwane	1,250	-	-	1,250	1,250	100%	1,250	477	38%	1,500
Phumelela	1,300	-	-	1,300	1,300	100%	1,300	552	42%	1,500
PixleyKaSeme (Mpumalanga)	1,550	-	-	1,550	1,550	100%	1,550	1,504	97%	1,500
Karoo District	1,650	-	-	1,650	1,650	100%	1,650	796	48%	1,250
Polokwane	1,550	-	-	1,550	1,550	100%	1,550	1,176	76%	1,500
Port St John	1,250	-	-	1,250	1,250	100%	1,250	832	67%	1,500
Prince Albert	1,650	-	-	1,650	1,650	100%	1,650	1,084	66%	1,250
Ngquza Hill (Qaukeni)	1,650	-	-	1,650	1,650	100%	1,650	492	30%	1,500
RamontshereMoiloa	1,450	-	-	1,450	1,450	100%	1,450	1,135	78%	1,500
Randfontein	1,550	-	-	1,550	1,550	100%	1,550	243	16%	1,250
Ratlou	1,300	-	-	1,300	1,300	100%	1,300	1,094	84%	1,500
Renosterberg	1,650	-	-	1,650	1,650	100%	1,650	1,139	69%	1,500
Richmond	1,650	-	-	1,650	1,650	100%	1,650	1,537	93%	1,500
Subtotal carried forward	323,548	-	-	323,548	323,548		323,548	196,924		303,503

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Balance brought forward	323,548	-	-	323,548	323,548		323,548	196,924		303,503
Richtersveld	1,650	-	-	1,650	1,650	100%	1,650	855	52%	1,500
Rustenburg	1,650	-	-	1,650	1,650	100%	1,650	1,103	67%	1,500
Sakhisizwe	1,550	-	-	1,550	1,550	100%	1,550	648	42%	1,500
Saldanha Bay	1,550	-	-	1,550	1,550	100%	1,550	1,243	80%	1,250
Sedibeng	1,300	-	-	1,300	1,300	100%	1,300	392	30%	1,250
Senqu	1,250	-	-	1,250	1,250	100%	1,250	742	59%	1,500
Setsoto	1,250	-	-	1,250	1,250	100%	1,250	945	76%	1,500
Sisonke	1,550	-	-	1,550	1,550	100%	1,550	1,093	71%	1,250
Siyancuma	1,550	-	-	1,550	1,550	100%	1,550	1,267	82%	1,500
Siyanda	1,250	-	-	1,250	1,250	100%	1,250	520	42%	1,250
Siyathemba	1,650	-	-	1,650	1,650	100%	1,650	962	58%	1,500
Sol Plaatjie	1,250	-	-	1,250	1,250	100%	1,250	481	38%	1,500
Dr. Kenneth Kaunda District	1,650	-	-	1,650	1,650	100%	1,650	1,492	90%	1,250
Stellenbosch	1,550	-	-	1,550	1,550	100%	1,550	750	48%	1,250
Steve Tshwete	1,300	-	-	1,300	1,300	100%	1,300	643	49%	1,500
Sunday's River Valley	1,550	-	-	1,550	1,550	100%	1,550	1,550	100%	1,500
Swartland	1,650	-	-	1,650	1,650	100%	1,650	1,222	74%	1,250
Swellendam	1,300	-	-	1,300	1,300	100%	1,300	717	55%	1,250
Subtotal carried forward	349,998	-	-	349,998	349,998		349,998	213,549		328,503

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)		2012/13	
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Balance brought forward	349,998	-	-	349,998	349,998		349,998	213,549		328,503
Thaba Chweu	1,400	-	-	1,400	1,400	100%	1,400	547	39%	1,500
Thabazimbi	1,550	-	-	1,550	1,550	100%	1,550	1,032	67%	1,500
Thabo Mofutsanyane	1,550	-	-	1,550	1,550	100%	1,550	1,201	77%	1,250
The Big 5 False Bay	1,250	-	-	1,250	1,250	100%	1,250	1,138	91%	1,500
Theewaterskloof	1,650	-	-	1,650	1,650	100%	1,650	1,357	82%	1,500
Thembelihle	1,500	-	-	1,500	1,500	100%	1,500	1,028	69%	1,500
Thembisile	1,650	-	-	1,650	1,650	100%	1,650	1,235	75%	1,250
Thulamela	1,550	-	-	1,550	1,550	100%	1,550	763	49%	1,500
Tlokwe	1,550	-	-	1,550	1,550	100%	1,550	1,370	88%	1,500
Tokologo	1,550	-	-	1,550	1,550	100%	1,550	1,213	78%	1,500
Tsantsabane	1,650	-	-	1,650	1,650	100%	1,650	922	56%	1,500
City Of Tshwane	1,650	-	-	1,650	1,650	100%	1,650	1,650	100%	5,000
Tsolwana	1,650	-	-	1,650	1,650	100%	1,650	681	41%	1,500
Tswaing	1,650	-	-	1,650	1,650	100%	1,650	617	37%	1,500
Tswelopele	1,650	-	-	1,650	1,650	100%	1,650	1,216	74%	1,500
Ubhulebezwe	1,650	-	-	1,650	1,650	100%	1,650	701	42%	1,500
Ubuntu	1,650	-	-	1,650	1,650	100%	1,650	1,511	92%	1,500
Subtotal carried forward	376,748	-	-	376,748	376,748		376,748	231,731		357,003

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Balance brought forward	376,748	-	-	376,748	376,748		376,748	231,731		357,003
Ugu	1,250	-	-	1,250	1,250	100%	1,250	964	77%	1,250
Ukhahlamba	1,550	-	-	1,550	1,550	100%	1,550	1,250	81%	1,250
Ulundi	1,650	-	-	1,650	1,650	100%	1,650	1,005	61%	1,500
Umdoni	1,250	-	-	1,250	1,250	100%	1,250	888	71%	1,500
Umgungundlovu	1,650	-	-	1,650	1,650	100%	1,650	916	56%	1,250
Umhlabyalinga	1,550	-	-	1,550	1,550	100%	1,550	898	58%	1,500
Umhlathuze	1,550	-	-	1,550	1,550	100%	1,550	492	32%	1,500
Umjindi	1,250	-	-	1,250	1,250	100%	1,250	1,076	86%	1,500
Umkhanyakude	1,550	-	-	1,550	1,550	100%	1,550	1,189	77%	1,250
Umlalazi	1,550	-	-	1,550	1,550	100%	1,550	1,304	84%	1,500
Umnengi	1,650	-	-	1,650	1,650	100%	1,650	1,085	66%	1,500
Umslwathi	1,650	-	-	1,650	1,650	100%	1,650	1,003	61%	1,500
Umsobomvu	1,550	-	-	1,550	1,550	100%	1,550	493	32%	1,500
Umtshezi	1,650	-	-	1,650	1,650	100%	1,650	1,109	67%	1,500
Umuziwabantu	1,550	-	-	1,550	1,550	100%	1,550	1,219	79%	1,500
Umvoti	1,650	-	-	1,650	1,650	100%	1,650	1,411	86%	1,500
Umkhulu	1,550	-	-	1,550	1,550	100%	1,550	835	54%	1,500
Umkhumbi	1,250	-	-	1,250	1,250	100%	1,250	848	68%	1,500
Umkhumbi	1,650	-	-	1,650	1,650	100%	1,650	1,198	73%	1,250
Subtotal carried forward	405,698	-	-	405,698	405,698		405,698	250,914		384,253

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1A / continued

Statement of Conditional Grants Paid to Municipalities: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION (2013/14)				TRANSFER (2013/14)		SPENT (2013/14)			2012/13
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Balance brought forward	405,698	-	-	405,698	405,698		405,698	250,914		384,253
Umzumbe	1,650	-	-	1,650	1,650	100%	1,650	1,074	65%	1,500
Uphongolo	1,250	-	-	1,250	1,250	100%	1,250	888	71%	1,500
Uthukela	1,250	-	-	1,250	1,250	100%	1,250	307	25%	1,250
Uthungulu	1,650	-	-	1,650	1,650	100%	1,650	689	42%	1,250
Ventersdorp	1,250	-	-	1,250	1,250	100%	1,250	1,148	92%	1,500
Vhembe	1,550	-	-	1,550	1,550	100%	1,550	932	60%	1,250
Vulamehlo	1,650	-	-	1,650	1,650	100%	1,650	1,081	66%	1,500
Waterberg	1,250	-	-	1,250	1,250	100%	1,250	807	65%	1,250
West Coast	1,250	-	-	1,250	1,250	100%	1,250	549	44%	1,250
West Rand	1,250	-	-	1,250	1,250	100%	1,250	1,250	100%	1,250
Westonaria	1,300	-	-	1,300	1,300	100%	1,300	458	35%	1,250
Witzenberg	1,300	-	-	1,300	1,300	100%	1,300	528	41%	1,250
Xhariep	1,250	-	-	1,250	1,250	100%	1,250	531	42%	1,250
Zululand	1,250	-	-	1,250	1,250	100%	1,250	793	63%	1,250
Total ⁸⁶	424 798	-	-	424 798	424 798		424 798	261 949	62%	402,753

⁸⁶ Amounts disclosed in the annexures are the amounts appropriated per the Appropriation Act (Budget amount), amounts disclosed in the notes to the annual financial statements in the prior year are the actual expenditure on transfers and subsidies.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1B

Statement of Transfers to Departmental Agencies and Accounts

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION (2013/14)				TRANSFER (2013/14)		2012/13
	Adjusted Appropriation	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Accounting Standards Board	10,061	-	-	10,061	10,061	100%	9,469
Audit Statutory Bodies	40,812	-	-	40,812	40,812	100%	30,308
Skills Development Levy	2,132	-	(2)	2,130	1,857	87%	582
Co-operative Bank Development Agency	16,236	-	-	16,236	16,236	100%	16,000
Financial and Fiscal Commission	39,567	-	-	39,567	39,567	100%	37,268
Financial Intelligence Centre	241,000	-	-	241,000	241,000	100%	197,314
Independent Regulatory Board for Auditors	32,933	-	-	32,933	32,933	100%	32,208
Project Development Facility	84,250	-	-	84,250	84,250	100%	115,000
TV Licences	8	-	2	10	9	90%	98
Secret Services	3,933,554	-	-	3,933,554	3,933,554	100%	3,784,807
South African Revenue Service	9,534,393	-	-	9,534,393	9,534,393	100%	9,149,374
Technical Assistance Unit Trading Account	42,212	-	-	42,212	42,212	100%	24,505
Total transfers to departmental agencies	13,977,158	-	-	13,977,158	13,976,884		13,396,933

ANNEXURE 1C

Statement of Transfers to Universities and Technikons

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION (2013/14)				TRANSFER (2013/14)		2012/13
	Adjusted Appropriation	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
University of Cape Town	10,000	-	-	10,000	10,000	100%	9,000
Total transfers to Universities and Technikons	10,000	-	-	10,000	10,000	100%	9,000

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1D

Statement of Transfers/Subsidies to Public Corporations and Private Enterprises

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION (2013/14)				EXPENDITURE (2013/14)				2012/13
	Adjusted Appropriation Act R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000	Appropriation Act R'000
Public Corporations									
Development Bank of Southern Africa	1,014,703	-	-	1,014,703	1,014,703	100%	-	-	645,502
Total	1,014,703	-	-	1,014,703	1,014,703		-	-	645,502
Private Enterprises									
Economic Research South Africa	9,900	-	-	9,900	9,900	100%	-	-	10,000
Total	1,024,603	-	-	1,024,603	1,024,603	-	-	-	655,502

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1E

Statement of Transfers/Subsidies to Foreign Government and International Organisations

FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION (2013/14)				EXPENDITURE (2013/14)		2012/13	
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act	
Transfer	R'000	R'000	R'000	R'000	R'000	%	R'000	
African Development Bank	769	-	-	769	-	-	6,651	
Commonwealth Fund for Technical Cooperation	4,991	-	326	5,317	5,316	100%	4,709	
International Funding Facility for Immunisation	10,000	-	687	10,687	10,686	100%	10,000	
Common Monetary Area Compensation	613,854	-	(35,127)	578,727	554,445	96%	515,862	
United Kingdom Tax	2,127	-	-	2,127	2,109	99%	2,239	
World Bank Group (International Development Association)	147,359	-	2,734	150,093	150,093	100%	154,974	
Financial and Technical Support (African Development Bank)	268,562	-	31,380	299,942	299,941	100%	315,656	
Regional Integration (SADC & SACU)	1,675	-	-	1,675	1,659	99%	-	
African Regional Technical Assistance Centre for Southern Africa	350	-	-	350	350	100%	362	
Infrastructure Consortium for Africa	1,000	-	-	1,000	1,000	100%	1,000	
Collaborative African Budget Reform Initiative	1,329	-	-	1,329	1,329	100%	1,260	
Total	1 052 016	-	-	1 052 016	1 026 928	98%	1 012,713	

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1F

Statement of Transfers to Households

HOUSEHOLDS	TRANSFER ALLOCATION (2013/14)				EXPENDITURE (2013/14)		2012/13
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
Transfers	R'000	R'000	R'000	R'000	R'000	%	R'000
Other benefits	391,312	-	(12,906)	378,406	320,453	85%	340,308
Injury on duty	542,678	-	(42,000)	500,678	500,677	100%	490,211
Military benefits ex-servicemen	30,060	-	(3,518)	26,542	26,542	100%	32,400
SA citizen force	142,800	-	(3,842)	138,958	138,958	100%	128,645
Special pensions	489,121	-	(53,688)	435,433	435,433	100%	434,890
Post-retirement medical schemes contribution	1,528,033	-	(86,613)	1,441,420	1,441,406	100%	1,504,485
Social assistance (bursaries)	1,584	-	-	1,584	1,351	85%	1,532
Non statutory forces	370,900	-	229,100	600,000	600,000	100%	370,000
Service benefits leave gratuity	3,460	-	-	3,460	3,413	99%	1,179
Total	3,499,948	-	26,533	3,526,481	3,468,233	98%	3,303,650

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 1G

Statement of Gifts, Donations and Sponsorships Made and Remissions, Refunds and Payments Made as an Act of Grace

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2013/14	2012/13
Remissions, refunds and payments made as an act of grace	R'000	R'000
Recognition award for contribution and dedication to a member of the Special Pensions Review Board	-	250
TOTAL	-	250

ANNEXURE 1H

Statement of Gifts, Donations and Sponsorships Received

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2013/14	2012/13
Received in cash		R'000	R'000
		-	-
Received in kind			
Chairperson of the Risk Management Committee	The Chairperson rendered services in kind to the Department	-	46
Total	-	-	46

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 11

Statement of Aid Assistance Received

NAME OF DONOR	PURPOSE	OPENING BALANCE 01 April 2013	REVENUE	EXPENDITURE	SURRENDERED TO RDP	CLOSING BALANCE 31 March 2014
		R'000	R'000	R'000	R'000	R'000
Received in cash						
European Union – Official Development Assistance (ODA)	Contribute towards enhanced capacity development and promote economic development, good governance and social progress and rising living standards	(57)	57	-	-	-
JICADCIS	Establish and operationalise a knowledge management system and upgrade the DCMIS	3	-	-	(3)	-
European Union (ODA II)	Improve capacity development in public finance management across the three spheres of government with emphasis on provincial and municipal level	42	2,545	(3,247)	(42)	(702)
Capacity Building for Public Finance Management Programme	Develop public financial management capacity of national, provincial and local government	1,194	32,471	(5,339)	(1,194)	27,132
Technical and Management Support (TMS)	Strengthening capacity of national and provincial departments and agencies to combat poverty and inequality	237	7,000	(4,243)	(237)	2,757
Technical and Management Support IDC Project	Provide long term technical assistance for the IDC unit in the National Treasury	27	493	(436)	(27)	57
African Fiscal Forum (GA)	To provide Directors-General and Permanent Secretaries from African Ministries of Finance with an opportunity to engage with one another on fiscal challenges facing countries in the region.	-	813	-	-	813
Cities Support Programme	To contribute to the implementation of the Medium Term Strategic Framework and accompanying outcomes based approach, which aims to improve the conditions of life of South African and halve poverty and unemployment.	-	36,700	(36,700)	-	-
PFMA ASS IN PROV PEFA METH	To measure the progress made with regards to Public Finance Management (PFM) improvement and, informing and guiding the Government's PFM capacity development programme, in coordination with the donor community.	-	8,500	(4,994)	-	3,506
TC & ODA II (GA)	To enhance efficiency, effectiveness and sustainable management of incoming and outgoing ODA to SA, and to improve the management and impact of ODA on strategic development priorities of the country.	-	7,472	(329)	-	7,143
Subtotal foreign aid assistance received in cash		1446	96,051	(55,288)	(1,503)	40,706

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 11 / continued

Statement of Aid Assistance Received - continued

NAME OF DONOR	PURPOSE	OPENING BALANCE 01 April 2013	REVENUE	EXPENDITURE	SURRENDERED TO RDP	CLOSING BALANCE 31 March 2014
		R'000	R'000	R'000	R'000	R'000
Subtotal foreign aid assistance received in cash		1,446	96,051	(55,282)	(1,503)	40,712
Received in kind						
World Bank	Semi - Annual workshop on designing and implementing government debt management strategies from 03 - 14 June 2013 in Vienna, Austria. World Bank paid for accommodation only.	-	83	(83)	-	-
World Bank	Workshop on risk modeling of debt portfolio benchmarks on the weekend of 14-15 September 2013 in Istanbul, Turkey (World Bank paid for accommodation and flight).	-	90	(90)	-	-
UNCTAD	The Ninth Debt Management Conference organised by United Nations Conference on Trade and Development (UNCTAD) in Geneva, Switzerland from 11-13 November 2013.	-	33	(33)	-	-
MEFMI	The Regional Workshop on Managing Contingent Liabilities organised by Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) from 17 to 21 March 2014 in Victoria Falls, Zimbabwe (MEFMI paid for flights, accommodation and daily allowance).	-	28	(28)	-	-
PriceWaterhouse Coopers	To assist in identifying the gaps and duplications in the functions of the O-CPO and further guide the office on how it should be structured and critical focus areas.	-	500	(500)	-	-
Ernst & Young	To assist in identifying the gaps and duplications in the functions of the O-CPO and further guide the office on how it should be structured and critical focus areas.	-	500	(500)	-	-
BiGroup	To assist in identifying the gaps and duplications in the functions of the O-CPO and further guide the office on how it should be structured and critical focus areas.	-	526	(526)	-	-
Sekela Xabiso	To assist in identifying the gaps and duplications in the functions of the O-CPO and further guide the office on how it should be structured and critical focus areas.	-	406	(406)	-	-
Deloitte and Touche	To assist in identifying the gaps and duplications in the functions of the O-CPO and further guide the office on how it should be structured and critical focus areas.	-	415	(415)	-	-
World Bank	World Bank with SECO and RSA under the GDRM programme to fund benchmarking, electronic trading platform and contingent liability.	-	1,532	(1,532)	-	-
Subtotal foreign aid assistance received in kind		-	4,113	(4,113)	-	-
TOTAL Local and Foreign Aid Assistance Received		1,446	100,164	(59,401)	(1,503)	40,706

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 2A

Statement of Investments in and Amounts Owed by/to National Public Entities

NAME OF PUBLIC ENTITY	State Entity's PFMA Schedule type	% Held 2013/14	% Held 2012/13	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
				2013/14*	2012/13	2013/14*	2012/13	2013/14*	2012/13**	2013/14*	2012/13**	
National/provincial public entities												
Accounting Standard Board	Schedule 3A	-	-	-	-	-	-	358	207	151	(26)	No
Co-operative Banks Development Agency	Schedule 3A	-	-	-	-	-	-	1,766	1,456	533	4,791	No
Development Bank of Southern Africa	Schedule 2	100	100	200,000	200,000	200,000	200,000	19,948,540	16,705,725	835,011	(825 914)	Yes
FAIS Ombudsman	Schedule 3A	-	-	-	-	-	-	1,241	3 953	(2 712)	(2 415)	No
Financial and Fiscal Commission	Schedule 1	-	-	-	-	-	-	(26)	(1, 014)	988	1, 804	No
Financial Intelligence Centre	Schedule 3A	-	-	-	-	-	-	90, 371	62, 114	34, 575	(951)	No
Financial Service Board	Schedule 3A	-	-	-	-	-	-	239,737	155, 156	10, 935	16, 351	No
Government Pensions Administration Agency	Schedule 3A	-	-	-	-	-	-	4, 098	21, 289	(17, 191)	(5, 679)	No
Independent Regulatory Board for Auditors	Schedule 3A	-	-	-	-	-	-	49, 909	46, 539	5, 991	9, 748	No
Land Bank	Schedule 2	100	100	1	1	200,955	200,955	5,774,334	5,185,003	289,332	154, 328	Yes
Pension Fund Adjudicator	Schedule 3A	-	-	-	-	-	-	11, 222	11, 086	136	(1, 214)	No
Public Investment Corporation Ltd	Schedule 3B	100	100	1	1	1	1	945, 918	737, 443	208, 475	129, 950	Yes
South African Revenue Service	Schedule 3A	-	-	-	-	-	-	4, 187, 285	2, 975, 229	1, 212, 059	904, 221	No
SASRIA Limited	Schedule 3B	100	100	1	1	-	-	4,532,421	5, 101, 365	692,331	357, 624	Yes
Total Investment				200,003	200,003	400,956	400,956	35,787,174	31,005,551	3,270,614	742 148	

*The 2013/14 amounts disclosed in this schedule are preliminary figures and unaudited

**Prior year figures have been restated as published figures were based on preliminary unaudited amounts.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 2B

Statement of Investments in and Amounts Owed by/to National Public Entities

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
		2013/14*	2012/13	2013/14*	2012/13	2013/14*	2012/13**	2013/14*	2012/13**
Accounting Standards Board	Determine standards of generally recognised accounting practice	-	-	358	207	98	99	1,259	519
Co-operative Banks Development Agency	Establish a regulatory framework for co-operative banks	-	-	1,766	1,456	337	742	6,644	5,479
Development Bank of Southern Africa	Promote, facilitate by funding mobilise socioeconomic development in Southern Africa while promoting efficiency, fairness, transparency and responsibility	200,000	200,000	19,948,540	16,705,725	143,460	123,443	-	771,651
Financial and Fiscal Commission	Assist and maintain the balance between fiscal decentralisation and the unitary state	-	-	1,241	3,953	602	3,112	1,574	1,186
FAIS Ombudsman	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	-	-	(26)	(1,014)	262	76	1,538	2,461
Financial Intelligence Centre	Assist in the identifying of unlawful activities, and combating of money laundering activities; financing of terrorism and related activities.	-	-	90,371	62,114	2,455	916	12,503	16,017
Financial Service Board	To oversee the South African Non-Banking Financial Services Industry in the public interest	-	-	239,737	155,156	27,875	15,097	95,983	109,744
Subtotal		200,000	200,000	20,281,987	16,927,597	175,089	143,485	119,501	907,057

*The 2013/14 amounts disclosed in this schedule are preliminary figures and unaudited

**Prior year figures have been restated as published figures were based on preliminary unaudited amounts.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 2B / continued

Statement of Investments in and Amounts Owed by/to National Public Entities - continued

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2013/14*	2012/13	2013/14*	2012/13	2013/14*	2012/13**	2013/14*	2012/13**
Government Pensions Administration Agency	Government Employees Pension Fund in terms of the Government Employees Pension (GEP) Act (1996)	-	-	4,098	21,289	11,205	13,078	119,566	45,651
Independent Regulatory Board for Auditors	Registration of public accountants and auditors and for the regulation of the training of public accountants and auditors	-	-	49,909	46,539	1,984	5,158	5,138	5,177
Land Bank	Facilitate access to ownership of land for the development of farming enterprises and agricultural purposes for the historically disadvantaged people	200,955	200,955	5,774,334	5,185,003	346,515	339,212	188,858	107,825
Pension Fund Adjudicator	The adjudicator's office investigates and determines complaints of abuse of power, maladministration, disputes of fact or law and employer dereliction of duty in respect of retirement pension funds.	-	-	11,222	11,086	2,944	2,810	(3,023)	(3,284)
Public Investment Corporation Ltd	Invests funds on behalf of the South African public sector	1	1	944,762	737,443	81,370	63,115	25,333	20,546
South African Revenue Service	Efficient and effective collection of revenue	-	-	4,187,285	2,975,229	56,505	68,398	626,133	628,931
SASRIA Limited	Special Risk Insurance	-	-	4,532,421	5,101,365	252,328	375,276	70,421	111,409
Total Investments		400,956	400,956	35,786,018	31,005,551	927,940	1,010,532	1,151,927	1,823,312

*The 2013/14 amounts disclosed in this schedule are preliminary figures and unaudited.

**Prior year figures have been restated as published figures were based on preliminary unaudited amounts.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 3A

Statement of Financial Guarantees Issued as at 31 March 2014: LOCAL

Other Local Guarantees

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2013	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Development Bank of Southern Africa	Former Ciskei regional authority	6,440	552	-	(280)	-	272	23	
Development Bank of Southern Africa	Former Kangwane regional authority	3,667	442	-	(442)	-	-	-	
Development Bank of Southern Africa	Former Bophuthatswana regional authority	142,060	75,976	-	(4,638)	-	71,338	39,902	
Development Bank of Southern Africa	Former Venda regional authority	3,494	248	-	(248)	-	-	-	
Development Bank of Southern Africa	Increase in capital	15,200,000	15,200,000	-	-	-	15,200,000	-	
Land and Agriculture Development Bank of South Africa	Consolidation of debt	100,000	92,728	-	-	-	92,728	-	
Land and Agriculture Development Bank of South Africa	Recapitalisation ³⁷	500,000	800,000	-	(300,000)		500,000	-	
Land and Agriculture Development Bank of South Africa	Financial sustainability	1,500,000					-		
Subtotal		17 455,661	16,169,946	-	(305,608)	-	15,864,338	39,925	

³⁷ The letter of undertaking of R3.5 billion will proportionally decrease with capital injection by government to the Land Bank: R1 billion (2009/10), R750 million (2010/11), R750 million (2012/13), R200 million (2013/14) and R500 million (2014/15).

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 3A / continued

Statement of Financial Guarantees Issued as at 31 March 2014: FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2013	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Development Bank of Southern Africa	Chiao Tung Bank Co, Ltd	163,787	5,682	-	-	853	6,535	19	
Development Bank of Southern Africa	European Investment Bank	729,224	40,109	-	(15,025)	13,360	38,444	9	
Development Bank of Southern Africa	European Investment Bank	729,224	51,765	-	(58,176)	36,181	29,770	97	
Development Bank of Southern Africa	European Investment Bank	1,166,759	258,435	-	(64,543)	70,326	264,218	69	
Development Bank of Southern Africa	African Development Bank	1,057,920	505,885	-	(103,371)	126,446	528,960	1,483	
Development Bank of Southern Africa	Agence Francaise de Developpement	222,339	55,238	-	(15,377)	19,999	59,860	758	
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	426,400	258,218	-	(20,117)	71,039	309,140	1,509	
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	212,522	158,728	-	(10,026)	42,568	191,270	940	
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	182,824	147,617	-	-	35,205	182,822	924	
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	186,423	125,121	-	(8,601)	33,883	150,403	738	
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	201,041	129,862	-	(9,485)	35,429	155,806	762	
Development Bank of Southern Africa	African Development Bank	500,000	41,900	-	(41,900)	-	-	-	
Development Bank of Southern Africa	Eurobonds	8,500,000	8,500,000	-	-	-	8,500,000	10,875	
Land and Agriculture Development Bank of South Africa	African Development Bank	1,000,000	-	500,000	-	-	500,000	4,683	
Subtotal foreign guarantees		15,278,463	10,278,560	500,000	(346,621)	485,289	10,917,228	22,866	
Total financial guarantees	Total	32,802,194	26,448,506	500,000	(652,229)	485,289	26,781,566	62,791	

*Amount per note 20 is the sum total of the closing balance and the guaranteed interest which amounts to R26,844,357 (R 26,781,566 + R62,791) for the current year and R26,514,055 (R26,448,505 + R65,550) for prior year rounded to R'000.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 3B

Statement of Contingent Liabilities as at 31 March 2014

Nature of Liability	Opening Balance 1 April 2013 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31 March 2014 R'000
Claims against the department					
RSC levies claim	171,815	-	-	-	171,815
SARB guarantee claim ³⁸	35,336	-	(35,336)	-	-
Theft and losses claim*	1,221	160	(1,381)	-	-
Contract cancellation claim	5,065	-	-	-	5,065
Relocation costs claim	7	-	(7)	-	-
Promissory note claim	1,000,000	-	(1,000,000)	-	-
Alexcor claim	119,000	-	-	-	119,000
Adam Smith International claim	1,100	-	(1,100)	-	-
Unlawful use of photograph claim	500	-	-	-	500
Xia Xu claim*	221	33	-	-	254
Callcom claim	2,400	-	-	-	2,400
National Heritage Site claim	4,888	-	(4,888)	-	-
SikanderNanabhay claim	2,151	-	(2,151)	-	-
VMA court records claim	50	-	-	-	50
SARB money seizure claim*	2,355	-	(2,355)	-	-
Stolen cheque claim	67	-	(67)	-	-
Fraudulent VAT e-mail claim	516	-	(516)	-	-
Spence J and Spence DM claim	11,000	-	-	-	11,000
Afgri Operations Limited claim	7,392	-	(7,392)	-	-
Military Pensions claim	15,596	-	(15,596)	-	-
Subtotal	1,380,680	193	(1,070,789)	-	310,084

* Exchange rate of R10.5792 (R9.20: 2012/13) on \$130,494, \$24,000 and \$206,000 was applied respectively for the financial year ended 31 March 2014.

³⁸ The claim is with respect to Sambou Bank of which a settlement was reached with the First Rand Bank Limited in the current financial year.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 3B / continued

Statement of Contingent Liabilities as at 31 March 2014 - continued

Nature of Liability	Opening Balance 1 April 2013 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31 March 2014 R'000
Subtotal	1,380,680	193	(1,070,789)	-	310,084
Retail Bonds Claim	210	-	-	-	210
Breach of contract claim	350	-	(350)	-	-
Motor vehicle collision claim	42	-	(28)	-	14
Medihelp claim	9,997	-	-	-	9,997
Unlawful blacklisting claim	1,395	-	(1,395)	-	-
Transnet Second Benefit Fund claim	-	1,963,000	-	-	1,963,000
Gratuity payment claim	-	479	-	-	479
Export exit levy claim	-	250,475	-	-	250,475
Payment of damages claim	-	2,257	-	-	2,257
Total claims against the department	1,392,674	2,216,404	(1,072,562)	-	2,536,516
Military Pension	439,501	-	(2,188)	(16,599)	420,714
Injury on duty	5,158	2,700	(149)	-	7,709
Special Pension	248,688	-	(386)	(45,810)	202,492
Total other contingent liabilities	693,347	2,700	(2,723)	(62,409)	630,915
Total contingent liabilities	2,086,021	2,219,104	(1,075,285)	(62,409)	3,167,431

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 4

Claims Recoverable

The National Treasury	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	2013/14 R'000	2012/13 R'000	2013/14 R'000	2012/13 R'000	2013/14 R'000	2012/13 R'000
Department						
Gauteng	15	-	-	-	15	-
North West	-	-	-	-	-	-
Western Cape	-	-	21	21	21	21
National Departments	614	-	919	1,038	1,533	1,038
Foreign government	-	-	671	711	671	711
Total claims recoverable	629	-	1,611	1,770	2,240	1,770

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 5

Inventory

Description	2013/14		2012/13	
	QUANTITY	R'000	QUANTITY	R'000
Inventory³⁹				
Opening balance	-	-	2,575	394
Add/(Less): Adjustments to prior year balances	-	-	3	-
Add: Additions/Purchases - Cash	-	-	1,600	246
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	-	-	(3,965)	(608)
Add/(Less): Adjustments	-	-	-	-
Closing balance			213	32

³⁹ Items that were reported as part of inventory in the prior year have been reclassified to consumables in line with the new SCOA version and the modified Cash Standard.

NATIONAL TREASURY VOTE 10 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

ANNEXURE 6A

Inter-Entity Advances Paid

Description	Confirmed balance		Unconfirmed balance		Total	
	2013/14 R'000	2012/13 R'000	2013/14 R'000	2012/13 R'000	2013/14 R'000	2012/13 R'000
Department						
DIRCO	1,493	1,490	-	-	1,493	1,490
Pension Administration	-	2,522	-	-	-	2,522
Total claims payable	1,493	4,012	-	-	1,493	4,012

ANNEXURE 6B

Inter-Entity Advances Received

Description	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	2013/14 R'000	2012/13 R'000	2013/14 R'000	2012/13 R'000	2013/14 R'000	2012/13 R'000
Department						
Commonwealth Secretariat	-	95	-	-	-	95
Bursary	-	48	-	-	-	48
Total claims payable	-	143	-	-	-	143

ANNUAL

REPORT 2013/14

PROJECT DEVELOPMENT FACILITY (PDF):
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

GTAC

government
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centre

National Treasury
REPUBLIC OF SOUTH AFRICA

PROJECT DEVELOPMENT FACILITY (PDF)

A Trading Entity Managed by the PPP Unit of National Treasury

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ANNUAL

REPORT 2013/14

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PROJECT DEVELOPMENT FACILITY

For the year ended 31 March 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

PUBLISHED BY AUTHORITY



REPORT OF THE **AUDITOR-GENERAL ON PDF**

For the year ended 31 March 2014

REPORT ON THE
FINANCIAL STATEMENTS**INTRODUCTION**

1. I have audited the financial statements of the Project Development Facility set out on pages 254 to 272, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in equity, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

**ACCOUNTING OFFICER'S
RESPONSIBILITY FOR THE
FINANCIAL STATEMENTS**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Generally Recognised Accounting Practice (Statements of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR-GENERAL'S
RESPONSIBILITY**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice*

issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Project Development Facility as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with Statements of GRAP and the requirements of the PFMA.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

REPORT OF THE AUDITOR-GENERAL ON PDF

For the year ended 31 March 2014

ADDITIONAL MATTER

I draw attention to the matter below. My opinion is not modified in respect of this matter:

UNAUDITED SUPPLEMENTARY SCHEDULES

7. The supplementary information set out on pages 273 to 283 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programme presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters:

PREDETERMINED OBJECTIVES

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the trading entity for the year ended 31 March 2014:
- Programme 8: Technical Support and Development Finance on pages 124 to 133

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programme. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the selected programmes are as follows:

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE**Usefulness of reported performance information**

12. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 100% of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of review of the presentation of the annual performance report by management.
13. The FMPPI requires the following:
- Performance targets must be specific in clearly identifying the nature and required level of performance, must be measurable and the period or deadline for delivery of targets must be specified.

REPORT OF THE AUDITOR-GENERAL ON PDF

For the year ended 31 March 2014

- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use.

14. The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions and documented system descriptions.

Reliability of reported performance information

15. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the department could not provide sufficient, appropriate evidence in support of the reported performance information.

ADDITIONAL MATTER

16. I draw attention to the following matter:

ACHIEVEMENT OF PLANNED TARGETS

17. Refer to the annual performance report on pages 32 to 133 for information on the achievement of the planned targets for the year.

COMPLIANCE WITH LEGISLATION

18. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the *General Notice* issued in terms of the PAA.

INTERNAL CONTROL

19. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report included in this report.

LEADERSHIP**Oversight responsibility regarding performance reporting**

20. The oversight processes implemented by management in respect of the annual performance report were inadequate.

Auditor-General

Pretoria

7 August 2014

AUDITOR-GENERAL
SOUTH AFRICA*Auditing to build public confidence*

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

STATEMENT OF
FINANCIAL PERFORMANCE*

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
Revenue From Non-Exchange Transactions	7	41,889,842	91,830,711
Revenue From Exchange Transactions	8	330,304,364	472,883,230
Project Expenses	9	(227,158,178)	(231,467,042)
Gross Surplus		145,036,028	333,246,899
Investment Income	10	25,350,119	8,323,822
Administration Expenses	11	(968,418)	(890,656)
Surplus for the year		169,417,729	340,680,065

* The accounting framework has changed to Generally Recognised Accounting Practice (GRAP), refer to Note 3.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

STATEMENT OF
FINANCIAL POSITION

As at 31 March 2014

	Note(s)	2013/14	2012/13
ASSETS			
Current Assets		620,874,009	454,576,437
Receivables From Exchange Transactions	12	1,777,037	491,279
Cash and Cash Equivalents	13	619,096,972	454,085,158
Total Assets		620,874,009	454,576,437
EQUITY AND LIABILITIES			
Equity			
Accumulated Surpluses		574,944,741	405,527,012
Current Liabilities			
Payables Under Exchange Transactions	14	3,569,110	4,079,704
Unspent Government Funding	15	42,360,158	44,969,721
Total Equity and Liabilities		620,874,009	620,874,009

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Notes	Accumulated Surpluses
Balance at 31 March 2012		64,846,947
Net Surplus for the year ended 31 March 2013		340,680,065
Balance at 31 March 2013		405,527,012
Net Surplus for the year ended 31 March 2014		169,417,729
Balance at 31 March 2014		574,944,741

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

**CASHFLOW
STATEMENT****For the year ended 31 March 2014**

	Note(s)	2013/14	2012/13
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from government and other sources		363,808,973	563,805,454
Cash paid to suppliers		(231,246,754)	(262,378,409)
Cash generated from operations	16	132,562,219	301,427,045
Interest Received	17	32,449,595	8,876,513
Net cash inflow from operating activities		165,011,814	310,303,558
NET INCREASE IN CASH AND CASH EQUIVALENTS		165,011,814	310,303,558
Cash and cash equivalents at beginning of the year	13	454,085,158	143,781,600
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	619,096,972	454,085,158

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 March 2014

	2013/2014 Budget	2013/2014 Actual	2013/2014 Variance Over / (Under)	2013/2014 Variance
Revenue From Non-Exchange Transactions	84,000,000	41,889,842	(42,110,158)	(50.1)
Revenue From Exchange Transactions	340,000,000	330,304,364	(9,695,636)	(2.9)
Project Expenses	(235,350,000)	(227,158,178)	(8,191,822)	(3.5)
Gross Surplus	188,650,000	145,036,028	(43,613,972)	(23.1)
Investment Income	16,100,000	25,350,119	9,250,119	57.5
Administration Expenses	(1,355,000)	(968,418)	(386,582)	(28.5)
Surplus for the year	203,395,000	169,417,729	(33,977,271)	(16.7)

For further information on the variances, refer to note 30.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

ACCOUNTING POLICIES

For the year ended 31 March 2014

1. GENERAL INFORMATION

The Project Development Fund (PDF) is a Trading Entity that is incorporated in the Republic of South Africa. The PDF is located within the Public Private Partnership (PPP) unit of National Treasury. Its principal role is to increase the quality and quantity of commercially viable projects that are processed through the PPP unit's project pipeline.

The PDF also supports the:

(1) NDPG (Neighbourhood Development Partnership Grant) --

Its role is to support and facilitate the planning and development of neighbourhood development programmes and projects that provide catalytic infrastructure to leverage 3rd party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods (townships) via the implementation of long term strategic plans and catalytic project plans.

(2) US Grant --

Its role is to facilitate partnership arrangements at municipal level, monitor implementation of the growth and development summit agreements, and establishes a framework for municipal investment.

(3) Alternative Energy programme --

The National Treasury (via the PPP unit) entered into a Memorandum of Agreement with the Department of Energy and The Development Bank of South Africa to assist in the creation of a stable enabling market environment for Independent Power Producing (IPP) projects and the implementation and support of specific IPP projects. The role of the PPP unit is to reimburse approved expenditure incurred by the Development Bank of South Africa.

2. STANDARDS AND INTERPRETATIONS EARLY ADOPTED

No new standards and interpretations have been early adopted in the current financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in Accounting Policies and Consistency of Preparation

PDF previously prepared their Annual Financial Statements (AFS) in accordance with Generally Accepted Accounting Practice (GAAP).

Trading Entities are to prepare their AFS in accordance with Generally Recognised Accounting Practice (GRAP) for periods commencing on or after 1 April 2013, per Directive 9 issued by the Accounting Standards Board (November 2011).

This basis of preparation has not fundamentally changed the AFS and its presentation is consistent with prior years. The notable change is the introduction of the Statement of Comparison of Budget and Actual Amounts (page 8) and the classification of revenue from exchange/non-exchange transactions (page 11).

3.2 Statement of Compliance

The annual financial statements have been prepared in accordance with all the Standards of GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These require the use of certain accounting estimates. They also require management to exercise its judgement in the process of applying the company's accounting policies based on best available information at the time of preparation.

3.3 Currency

The financial statements are presented in South African Rand since that is the currency in which the majority of the entity's transactions are denominated.

All amounts presented in the Annual Financial Statements and disclosed in the notes are rounded to the nearest Rand.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

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For the year ended 31 March 2014

3.4 Basis of Preparation

The financial statements have been prepared on the historical cost basis, except where indicated otherwise. The financial statements incorporate the fundamental assumptions of going concern and accrual.

The principal accounting policies are adopted and set out below. These have been applied consistently with the previous financial year.

3.5 Revenue Recognition**Revenue from non-exchange transactions**

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Funding Revenue

Funding revenue is recognised when it is probable that future economic benefits will flow to the entity and the entity will comply with the conditions attaching to it.

Where the resources transferred to the entity are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

Funding received by the NDPG is accounted for in the financial statements of the entity as a liability until the related eligible project expenses are incurred. Investment income related to these funds increases the liability unless the entity is approved to utilise investment income for unrelated expenses, in which case it is recognised on a time proportionate basis.

Funding received by the PDF is accounted for in the financial statements of the entity on receipt.

Funding received by the US Grant is accounted for in the financial statements of the entity as a liability until the related

eligible project expenses are incurred.

Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Alternative Energy Programme

Receipts received from private parties for the Alternative Energy Programme are accounted for in the financial statements of the entity on receipt.

3.6 Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure relates to expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the Public Financial and Management Act (PFMA), 1999 as amended.

Fruitless and wasteful expenditure relates to expenditure made in vain and could have been avoided had reasonable care or controls been exercised.

All irregular and fruitless and wasteful expenditure is disclosed in the notes to the financial statement in the period in which it is incurred.

3.7 Financial Instruments***Recognition***

Financial instruments are initially recognised when the entity becomes a party to the contractual provisions of the relevant instrument, and are initially measured at fair value. Subsequent to initial recognition, these instruments are measured as set out below.

Financial Assets***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including

ACCOUNTING POLICIES

For the year ended 31 March 2014

receivables, cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial Liabilities

All financial liabilities of PDF are classified as other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Other financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

3.8 Foreign Currencies

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date the funds are received and are re-valued at the closing rate as at the financial year end 31 March 2014.

3.9 Going Concern

The entity is financially dependent on the funding it receives from National Treasury. On the basis that the funding has been listed in the Estimates of National Expenditure, management believe that the entity will continue to be a going concern in the year ahead. For this reason, management continue to prepare the annual financial statements on a going concern basis.

3.10 Related Party

The entity is related to other entities and departments in the national sphere of government, it is considered related to National Treasury and the Development Bank of South Africa. The transactions are consistent with normal operating relationships between the entities, and are undertaken on terms and conditions that are normal for such transactions.

Refer to note 27 for the transactions between related parties.

3.11 Events After Reporting Date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Refer to note 24 for the events identified after the reporting date.

3.12 Significant judgments, estimates and assumptions

The entity has disclosed any key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Refer to note 26 for the significant judgements, estimates and assumptions for the financial year.

3.13 Budgets

The entity has presented a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate additional financial statement in the financial statements.

The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- (a) the approved and final budget amounts;
- (b) the actual amounts on a comparable basis; and
- (c) by way of note disclosure (refer to note 30), an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

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For the year ended 31 March 2014

3.14 Transfers under Common Control

It is anticipated that the entity will be transferred to another entity under the common control of National Treasury.

On the date of transfer the entity will:

- Derecognise from its financial statements, all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.
- Recognise the difference between the carrying amounts of the assets transferred, the liabilities relinquished and the consideration received (if any) from the acquirer in accumulated surplus or deficit.

4. PUBLIC SECTOR PRACTICES AND POLICIES**4.1 Inter-relationship with other government entities**

The entity operates as a trading entity of the National Treasury, within the South African Government environment. In line with prevailing government practices, the entity is not obliged to pay for certain expenditure such as office space and utilisation of fixed and moveable assets.

4.2 Public Finance Management Act reporting requirements

Section 40(3) (b)

No material losses occurred during the current financial year due to criminal conduct nor any unauthorised expenditure or irregular expenditure.

5. CONTINGENT LIABILITIES

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

- a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised, but only disclosed in the notes.

The entity's main operating activities are to facilitate project developments for municipalities/institutions. Hence project commitments are provided to facilitate such developments. These commitments range from 2 – 20 years depending on the nature of the project.

The full commitment less cumulative expenditure results in the future commitment to the municipality/institution. This is the contingent liability.

Refer to note 31 on the list of contingent liabilities for both the PDF and NDPG projects.

6. CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognised, but only disclosed in the notes.

The entity has a legal right to recover expenditure disbursed when a project reaches the final stage of the PPP, from the private party.

Funds are paid to transaction advisors in accordance with the terms of the contract between the institution or municipality

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For the year ended 31 March 2014

and the transaction advisor. Disbursed funds may be recovered from the successful private party bidder when the PPP reaches financial close. The PDF is exposed to the full risk of the project not reaching financial closure.

To date, the PDF has not recovered any disbursed funds from projects as they have not reached financial closure.

An asset will be recognised once the project has reached financial closure. It is only at this closure where the PDF will be able to recover the expenditure disbursed.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
7. REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Revenue From Non-Exchange Transactions include:			
- Government Funding Income – PDF		3,000,000	3,000,000
- Government Funding Income – NDPG		12,639,842	35,030,279
- Employment Creation Facilitation Facility (PDF) *		26,250,000	14,000,000
- PDF Alternative Energy (IPP) **		-	39,800,000
- US Grant		-	432
		41,889,842	91,830,711
8. REVENUE FROM EXCHANGE TRANSACTIONS			
Revenue From Exchange Transactions include:			
- PDF Alternative Energy (IPP) ***		330,304,364	472,883,230
		330,304,364	472,883,230
9. PROJECT EXPENSES			
Project expenses include:			
- PDF		2,474,914	4,158,110
- NDPG (government funding)		12,639,842	35,030,279
- NDPG (admin)		281,539	1,034,963
- PDF Alternative Energy (IPP)		211,761,883	191,211,700
- US Grant		-	31,990
		227,158,178	231,467,042

* Employment Creation Facilitation Facility revenue is specific funding from National Treasury for job creating projects.

** IPP initial funding was received from National Treasury

*** IPP funding is from private parties (a percentage factor of the project value and documentation fees).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
10. INVESTMENT INCOME			
Investment income includes:			
- Interest received - PDF bank account		1,277,264	1,237,748
- Interest received - PDF call account		13,075,780	3,750,353
- Interest received - PDF Alternative Energy bank account		7,931,238	1,886,513
- Interest received - NDPG bank account		107,202	764,548
- Interest received - NDPG call account		2,958,635	684,660
		25,350,119	8,323,822

NDPG obtained approval to retain the NDPG interest and utilise it for NDPG administrative expenses and internal projects. PDF and NDPG have set up call accounts to maximise the interest income.

11. ADMINISTRATION EXPENSES

Administration expenses includes:			
- Audit fees		325,682	189,579
- Bank charges		23,503	25,254
- Financial managers' fees		619,233	675,823
		968,418	890,656

Financial managers' fees represent amounts paid to Deloitte Consulting (Pty) Ltd for accounting services.

12. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accrued interest – operating accounts		856,025	491,279
Accrued interest – call accounts		921,012	-
		1,777,037	491,279

Accrued interest is interest relating to March 2014, but only received in April 2014. The credit risk exposure of the PDF is disclosed in note 20.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
13. CASH AND CASH EQUIVALENTS			
PDF bank account		56,407,344	42,386,004
PDF call account *		265,986,630	253,750,353
PDF - Alternative Energy		241,753,125	102,377,406
PDF - PPPIAF		-	690
NDPG bank account		31,594,334	4,886,044
NDPG call account *		23,355,539	50,684,661
		619,096,972	454,085,158

14. PAYABLES UNDER EXCHANGE TRANSACTIONS

Payables	3,569,110	4,079,704
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The credit period on purchases is 30 days from invoice date. No interest is charged on trade payables. The PDF has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

15. UNSPENT GOVERNMENT FUNDING

NDPG:

Opening balance	44,969,721	24,112,776
Funding received in the current year	10,030,279	55,887,224
Revenue recognised in current year	(12,639,842)	(35,030,279)
Closing balance	42,360,158	44,969,721

* Both the PDF and NDPG opened call accounts in 2012/2013 and have invested their funds in these accounts to maximise the interest earned.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
16. RECONCILIATION OF SURPLUS FOR THE YEAR TO CASH GENERATED FROM OPERATIONS			
Surplus for the year		169,417,729	340,680,065
Interest Received	17	(32,449,595)	(8,876,513)
Operating cash flows before working capital changes		136,968,134	331,803,552
Working capital changes:		(4,405,915)	(30,376,507)
- Decrease in Payables Under Exchange Transactions		(510,594)	(50,650,973)
- Increase in Receivables From Exchange Transactions		(1,285,758)	(323,806)
- Decrease in Deferred Revenue		-	(258,673)
- (Decrease)/Increase in Unspent Government Funding		(2,609,563)	20,856,945
Cash generated from operations		132,562,219	301,427,045
17. INTEREST RECEIVED			
Interest income at beginning of year		8,876,513	1,043,970
Net investment income received per the Statement of Financial Performance		25,350,119	8,323,822
Accrued net interest income at the end of the year		(1,777,037)	(491,279)
Interest income received		32,449,595	8,876,513

18. COMMITMENTS

Payable within the next 12 months:

- Financial Managers Fees (incl. GTAC advisory)	668,151	324,177
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Payable between 2 and 5 years:

- Financial Managers Fees	-	-
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The entity appointed Deloitte Consulting (Pty) Ltd for the outsourced financial management of the Project Development Facility. Contract ends September 2014.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

19. RISK MANAGEMENT

The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, management endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and ethics are applied throughout the entity and managed within predetermined procedures and constraints.

As the entity acquires finance from the National Treasury Finance Department and does not have borrowed funds it does not have major exposure to credit, liquidity, interest and market risk.

20. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as outstanding receivables and committed transactions. For banks and financial institutions, only highly reputable financial institutions are used.

21. LIQUIDITY RISK

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the National Treasury finance department, which has built an appropriate liquidity risk management framework for the management of the National Treasury's short, medium and long-term funding and liquidity management requirements.

22. INTEREST RATE RISK

The entity has limited exposure to interest risk. The entity's cash and cash equivalents are subject to interest rate risk for the portion of interest received. The interest rate risk is limited as funds are invested with one of the four major banks and this is assessed annually.

23. TAXATION

No provision is made for taxation, as the entity is exempt from taxation in terms of Section 10(1) (a) of the Income Tax Act No. 58 of 1962.

24. EVENTS AFTER THE REPORTING DATE

The entity will be going through a structural change over the next year, which will change the entity but not its operations.

The structural change took place effective 1 April 2014.

This should not affect going concern.

The financial statements were submitted for audit on 31 May 2014, and were authorised for issue on 31 July 2014.

25. FRUITLESS AND WASTEFUL EXPENDITURE

No fruitless and wasteful expenditure in the current and prior financial year.

26. SIGNIFICANT UNCERTAINTIES AND KEY JUDGEMENTS

Any significant uncertainties and key judgements have been considered and disclosed.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
27. RELATED PARTY TRANSACTIONS			
(1) The entity received funding from the following related parties:			
National Treasury		84,250,000	136,800,000
		84,250,000	136,800,000
(2) The entity paid/transferred the following amounts to related parties:			
National Treasury (NDPG returned funds)		(14,969,721)	(24,112,776)
Development Bank of South Africa		(30,000,000)	-
Development Bank of South Africa (approved expenditure)		(211,753,883)	(191,211,700)
		(256,723,604)	(215,324,476)

PDF occupies office space in the National Treasury building. National Treasury pays the rental on behalf of the PDF. The fair value of the rental is R969,383 (2012/2013 R775,656).

In 2011/2012, the National Treasury (via the PPP unit) entered into a Memorandum of Agreement with the Department of Energy and the Development Bank of South Africa to assist in the creation, implementation and support of Independent Power Producing projects. The role of the PPP unit is to reimburse approved expenditure incurred by the Development Bank of South Africa.

28. COMPARATIVE FIGURES

Where necessary, comparatives of the financial statements have been adjusted to conform to changes in presentation in the current year.

29. NEW OR REVISED ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of these financial statements, there are standards and interpretations in issue but not yet effective. These include the following standards and interpretations that are applicable to the entity and may have an impact on future financial statements.

	Effective date, commencing on or after
GRAP 20 Related Parties	Not yet effective

Details of the standard and the resulting impact:

GRAP 20	This standard prescribes the disclosure of information relevant to draw attention to the possibility that the entity's financial position and surplus/ deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact on future disclosures.
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PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

The following standards and interpretations that have been issued but are not yet effective are not applicable to the entity and will not have an impact on future financial statements:

		Effective date, commencing on or after
GRAP 18	Segment Reporting	Not yet effective
GRAP 32	Service Concession Arrangements: Grantor	Not yet effective
GRAP 105	Transfer of Functions Between Entities: Under Common Control	Not yet effective
GRAP 106	Transfer of Functions Between Entities: Not Under Common Control	Not yet effective
GRAP 107	Mergers	Not yet effective
GRAP 108	Statutory Receivables	Not yet effective

30. NOTES ON THE COMPARISON OF BUDGET AND ACTUAL AMOUNTS

30.1 Revenue From Non-Exchange Transactions

The PDF receives R3million in funding annually.

The NDPG recognises revenue to the value of the project spend, which was lower than anticipated.

(refer to note 30.3 below)

30.2 Revenue From Exchange Transactions

Funding for the PDF Alternative Energy programme was from private parties, which is a percentage of the project value and documentation fees.

In 2013/2014 there was only one window of tender fee submissions, compared to the prior year, where there were two windows of tender fee submissions resulting in a decrease in tender fees received.

30.3 Project Expenses

The NDPG had lower than anticipated spend due to the impact of the roll out of its new strategy and a slower than anticipated appointment of service providers by municipalities.

30.4 Investment Income

Investment income is high due to an increase in cash balances and an aggressive cash management strategy that includes call accounts and fixed deposits.

30.5 Administration Expenses

Expenditure for financial management was lower than anticipated.

Audit fees increased by 72%.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

31. CONTINGENT LIABILITIES

The accumulated surpluses of R574,944,741 (2012/2013 R405,527,012) are retained for funding approved projects. The entity obtained permission from National Treasury to retain the accumulated surpluses from the 2012/2013 financial year. The entity is in the process of requesting permission from National Treasury to retain the 2013/2014 surplus.

Funding is disbursed upon the successful achievement of predefined milestones and Treasury approval of a project. The entity has no control over the performance / non-performance of the party they enter into agreement with, and therefore no control over whether milestones are met or when they will be met. The project agreement is not an irrevocable contract and a key condition for performance of the entity (i.e. payment of agreed funds) is fully dependent upon the external party's performance.

The following is a breakdown of all the commitments which range from 2 – 20 years depending on the nature of the project.

31.1 PDF Projects

2013/2014 summary of PDF Contingent Liability:

Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014
7,612,184	16,009,505	(2,474,914)	21,146,775

Management has interpreted the PDF projects to be the net commitment balance (funding amount per contract less any disbursements made to the project upon reaching the milestones) to be a contingent liability of R21,146,775 for the year ending 31 March 2014.

For a detailed list of all the projects, refer to Table A on pages 273-274.

31.2 NDPG Projects

The NDPG was announced by the Minister of Finance in his budget speech on 15 February 2006. An amount of R10 billion was ring fenced for development in townships. The aim is to support and facilitate the planning and development of neighbourhood development programmes and projects that provide catalytic infrastructure to leverage 3rd party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods (townships) via the implementation of long term strategic plans and catalytic project plans.

Technical assistance is disbursed via the Project Development Facility (PDF) to service providers assisting municipalities with the planning of catalytic programmes and projects.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

31.2 NDPG Projects - continued

2013/2014 summary of NDPG Contingent Liability:

Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014	Contractual commitments for the year ended 31 March 2014
290,719,043	8,789,053	(13,363,758)	286,144,338	46,907,120

Management has interpreted the NDPG projects to be the net contractual commitment balance (commitments to service providers for the next 12 months) to be a contingent liability of R46,907,120 for the year ending 31 March 2014.

The NDPG projects cover a 10 year period of which R286,144,338 has been committed.

For a detailed list of all the projects, refer to Table B on pages 275-279.

For a detailed list of all the contractual commitments, refer to Table C on pages 280-283.

31.3 Alternative Energy Programme

The PDF has entered into a Memorandum of Agreement with the Department of Energy and the Development Bank of South Africa (DBSA) for the Alternative Energy Programme over a period of 5 years. The PDF is to transfer funding for the expenditure incurred by the DBSA.

2013/2014 summary of the Alternative Energy Programme:

Funding as at 31 March 2013	Funding received for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Available funding for the year ended 31 March 2014
362,844,081	330,304,364	(211,753,883)	481,394,562

The available funding of R481,394,562 is to fund projects that is with the Memorandum of Agreement for the Alternative Energy Programme.

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE A - PDF PROJECTS

#	INSTITUTION	PROJECT NAME	Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014
1	Hibiscus Coast Municipality	Jason Mason Park – Phase 1	37,736	-	(37,736)	-
2	Hibiscus Coast Municipality - P2	Jason Mason Park – Phase 2	106,595	-	(94,876)	11,719
3	Greater Kokstad Municipality	Civic Centre	235,596	-	-	235,596
4	Potchefstroom Municipality	Solid Waste Management	770,230	-	-	770,230
5	Emalahleni	Tourism Development	170,995	-	-	170,995
6	Siyancuma	Tourism Development	510,368	-	-	510,368
7	Eastern Cape Parks	Tourism Development	875,396	-	-	875,396
8	Blue Crane Development Agency	Contract review	205,000	-	-	205,000
9	Mogalakwena Municipality	Olifants River water resources	1,500,000	-	-	1,500,000
10	Greater Tzabatsse Municipality 2	Waste Management Services	513,000	-	-	513,000
11	City of Johannesburg	Alternative Waste Treatment	382,061	-	-	382,061
12	Department of Economic Development Environment and Tourism	Pilgrims Rest Revitalisation	1,500,000	-	-	1,500,000
13	FS Department of Health 2	Hospitals	304,209	-	(155,508)	148,701
14	Department of Environmental Affairs	Working on fire PPP	1,000	-	-	1,000
15	KwaDukuza Municipality 3	Waste management	500,000	-	-	500,000

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE A - PDF PROJECTS (CONTINUED)

#	INSTITUTION	PROJECT NAME	Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014
16	Eden District Municipality	Mossel Bay regional landfill site and waste conservation	-	421,000	-	421,000
17	Greater Tubatse Municipality 4	Waste Management Services	-	1,500,000	-	1,500,000
18	Eastern Cape Municipality	Enhanced Amenities Hospital Strategy	-	900,000	(323,100)	576,900
19	Greater Tubatse Municipality 5	Integrated Human Settlements	-	4,000,000	-	4,000,000
20	Ilembe District Municipality	Section 78 Study	-	1,000,000	-	1,000,000
21	SMEC South Africa	KZN Schools PPP	-	3,000,000	(1,386,468)	1,613,532
22	Siyathemba Municipality	Die Bos Holiday Resort	-	475,000	-	475,000
23	Northern Cape Dept of Health	Renal Dialysis Project	-	993,012	(148,000)	845,012
24	Eastern Cape	Eastern Cape Non-Automotive Industries	-	500,000	(329,227)	170,773
25	Lephalale Local Municipality	Bulk Infrastructure	-	1,720,493	-	1,720,493
26	Limpopo Dept. of Health	Phalaborwa Hospital	-	1,500,000	-	1,500,000
		TOTAL	7,612,184	16,009,505	(2,474,914)	21,146,775

PROJECT DEVELOPMENT FACILITY

| A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE B - NDPG PROJECTS

#	Municipality	Project Number	Project Name	Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014	Contractual commitments for the year ended 31 March 2014
1	Amatole District Municipality	NDPG3-027	Township Development of Amatole District Towns	10,454,431	-	(8,570)	10,445,861	7,197,431
2	Ba-Phalaborwa Municipality	NDPG3-004	BaPhalaborwa LM - Freedom and memorial Precinct	997,685	-	-	997,685	-
3	Beaufort West Local Municipality	NDPG4-029	Urban Nodal Development	132,226	-	-	132,226	-
4	Bitou Local Municipality	NDPG4-069	Bitou Coming Together	2,622,198	-	-	2,622,198	-
5	Breede River/Winlands Local Municipality	NDPG4-018	Robertson Township Initiative	483,152	-	-	483,152	-
6	Buffalo City Local Municipality	NDPG3-058	Township Regeneration	24,193,761	-	-	24,193,761	-
7	Bushbuckridge Local Municipality	NDPG3-080	Bushbuckridge Urban Municipality	12,558,455	-	(889 231)	11,669,224	440,769
8	City of Cape Town Metropolitan Municipality	Various	City of Cape Town Townships initiative	14,869,519	-	-	14,869,519	466,464
9	City of Johannesburg Metropolitan Municipality	Various	City of Johannesburg Townships initiative	5,686,870	(317)	-	5,686,553	-
10	City of Tshwane Metro Municipality	NDPG1-106	Tsosoloso Programme (Public Spaces)	19,603,186	-	(890 538)	18,712,648	1,509,462
11	Ditlhabeng Local Municipality	NDPG3-005	Vogelfontein Urban Centre	4,863,678	-	-	4,863,678	-
12	Ekurhuleni Metropolitan Municipality	Various	Ekurhuleni Townships initiative	6,047,199	-	(848 911)	5,198,288	2,590,069

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE B - NDPG PROJECTS (CONTINUED)

#	Municipality	Project Number	Project Name	Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014	Contractual commitments for the year ended 31 March 2014
13	Emalahleni	NDPG4-130.4	Rural Town Centre General Upgrades	3,000,000	-	-	3,000,000	-
14	Emnambithi/Ladysmith Municipality	NDPG4-127	Commercial Development	456,414	-	-	456,414	-
15	eThekweni Metropolitan Municipality	Various	eThekweni Townships initiative	13,680,890	-	-	13,680,890	-
16	Ga-Segonyana Local Municipality	NDPG4-130.1	Mothibistad Rural Development	372,168	-	-	372,168	-
17	Greater Taung Local Municipality	NDPG3-029	Greater Taung regeneration Strategy	3,278,187	-	(1,823,624)	1,454,563	^ 3,042,557
18	Greater Tubatse	NDPG4-130.2	General Improvements of Town Centre and	1,072,079	-	(369,609)	702,470	^ 2,055,249
19	Greater Tzaneen Local Municipality	NDPG1-064	Nkawkankwa Urban Renewal	(191,310) *	1,680,000	(753,589)	735,101	^ 1,092,229
20	King Sabata Dalindyebo Local Municipality	NDPG1-185	Transdo Econmic Node Development	51,973	-	-	51,973	-
21	Knysna Local Municipality	Various	Knysna Townships initiative	5,442,130	-	(698,149)	4,743,981	37,151
22	Kouga Local Municipality	NDPG1-077	Eyabantu Community Neighbourhood Centre	1,189,167	-	-	1,189,167	-
23	KwaDukuza Local Municipality	NDPG3-044	KwaDukuza Priority Clusters	8,336,156	-	-	8,336,156	-
24	Lekwa Local Municipality	NDPG2-079	Taxi Bus/Hub and Recreation Centre	6,314,176	(1,745,000)	-	4,569,176	-
25	Lukhanji	NDPG4-130.3	Township and Town Centre Upgrade	4,000,000	-	-	4,000,000	-

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

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For the year ended 31 March 2014

TABLE B - NDPG PROJECTS (CONTINUED)

#	Municipality	Project Number	Project Name	Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014	Contractual commitments for the year ended 31 March 2014
26	Makana Local Municipality	NDPG2-060	Townships Regeneration (Rhini and Others)	(12,950) *	700,000	(23,060)	663,990	347,304
27	Mandeni Municipality	NDPG3-052	Sundumbili Urban Development	5,834,664	-	-	5,834,664	-
28	Matjhabeng Local Municipality	NDPG3-035	Township Regeneration and Investment Plan	5,000,000	-	-	5,000,000	-
29	Matlosana Local Municipality	NDPG3-095	Neighbourhood Revit	5,689,170	-	(128,439)	5,560,731	1,371,561
30	Matzikama Local Municipality	NDPG4-012	Urban Nodal Development	50,461	-	-	50,461	-
31	Mbombela Local Municipality	NDPG1-038	Swalala Precinct Development and KwaNyamazane Renewal	53,128	-	-	53,128	-
32	Metsweding District Municipality	NDPG4-025	Metsweding Townships Regeneration Programmes	1,580,788	-	(157,320)	1,423,468	1,339,165
33	Mogalakwena Local Municipality	NDPG3-053	Identification and Implementation of Appropriate Community Facilities	867,466	700,000	(1,322,556)	244,910	(208,763)
34	Mogale City Municipality	Various	Mogale City Townships initiative	19,918,456	-	(607,207)	19,311,249	1,009,972
35	Msunduzi Local Municipality	Various	Msunduzi Township initiatives	1,185,504	-	-	1,185,504	-
36	Ndwedwe Local Municipality	NDPG1-092	Ndwedwe Township Development	2,745,221	-	-	2,745,221	-

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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TABLE B - NDPG PROJECTS (CONTINUED)

#	Municipality	Project Number	Project Name	Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014	Contractual commitments for the year ended 31 March 2014
37	Nelson Mandela Metropolitan Municipality	Various	Nelson Mandela Townships initiative	1,727,052	7,150,000	(652,650)	8,224,402	7,619,582
38	Newcastle Local Municipality	NDPG3-020	JBC Urban Node	630,000	-	-	630,000	-
39	Nongoma Local Municipality	NDPG3-025	Nongoma Town Regeneration and Urban Development	440,000	-	-	440,000	-
40	Oudtshoorn Local Municipality	NDPG1-079	New Brighton Renewal	791,601	-	(464,873)	326,728	155,896
41	Overstrand Local Municipality	NDPG4-010	Invuselelo Developing Economic Spaces	(135,000) *	182,500	-	47,500	-
42	Polokwane Local Municipality	NDPG3-093	Polokwane Township Urban Renewal	5,722,670	-	-	5,722,670	-
43	Port St Johns	NDPG4-130.5	Town Centre Upgrade	4,000,000	-	-	4,000,000	-
44	Ramotshere Moiloa Local Municipality	NDPG1-241	Zeerust MPCC/TSC/Ikageleng	902,081	-	(529,939)	372,142	^ 1,060,041
45	Rustenburg Local Municipality	NDPG3-063	Development Planning	26,000,000	-	-	26,000,000	-
46	Sedibeng District Municipality	NDPG3-083	Emfuleni LM	9,357,739	-	-	9,357,739	796,103
47	Senqu Local Municipality	NDPG1-097	Sports Facility and Economic Hub	369,692	-	-	369,692	-
48	Sisonke District Council	NDPG1-189B	Highflats: MPCC/TSC	600,000	-	-	600,000	-
49	Sol Plaatje Local Municipality	NDPG1-226	Galesheve Urban renewal	7,715,411	-	-	7,715,411	-
50	Steve Tshwete Local Municipality	NDPG2-024	Township Restructuring	2,740,380	-	-	2,740,380	140,408

*The over commitment in 2012/2013 was funded in the 2013/2014 financial year. (project numbers 19, 26 and 41)

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE B - NDPG PROJECTS (CONTINUED)

#	Municipality	Project Number	Project Name	Future remaining commitments for the year ended 31 March 2013	Positive (+) and negative (-) funding adjustments for the year ending 31 March 2014	Expenditure for the year ending 31 March 2014	Future remaining commitments for the year ended 31 March 2014	Contractual commitments for the year ended 31 March 2014
51	Thulamela Local Municipality	NDPG3-090	Thulamela Gateway	10,430,781	-	(1,714,884)	8,715,897	^ 10,083,702
52	Tlokwe City Council	NDPG3-084	Ikageng Neighbourhood Development Programme	10,773,911	-	228,419	11,002,330	228,419
53	uMngeni Local Municipality	NDPG1-043	Mphophomeni Multi Service Centre	6,969	-	-	6,969	-
54	Umtshezi local Municipality	NDPG3-040	Wembezi Urban Renewal	1,055,332	-	-	1,055,332	-
55	Umkhulu	NDPG4-130.6	Town Centre Upgrade	894,325	-	(157,392)	736,933	^ 2,775,904
56	West Rand District Municipality	NDPG4-135.2	Economic Development Node Others	7,584,169	-	(827,722)	6,756,447	1,756,446
57	Zululand District Municipality	NDPG1-189A	MPCC/TSC (uPhongolo)	600,000	-	-	600,000	-
58	NDPG internal	PROG0-000	Programme Fees	6,085,632	121,870	(723,916)	5,483,586	-
	TOTAL			290,719,043	8,789,053	(13,363,758)	286,144,338	46,907,120

^ The contractual commitment exceeds the future remaining commitment for the year ended 31 March 2014. The remaining commitment will be increased in the 2014/2015 financial year from the Municipality's capital grant allocation upon agreement with the Municipality on the need for subsequent work. (project numbers 17, 18, 19, 44, 51 and 55)

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE C - NDPG CONTRACTUAL COMMITMENTS

#	Municipality	Project Number	Project Name	Contractual commitments for the year ending 31 March 2013	New / amended contracts for the year ending 31 March 2014	Completed contracts for the year ending 31 March 2014	Payments for the year ending 31 March 2014	Contractual commitments for the year ending 31 March 2014
1	Amatole District Municipality	NDPG3-027	Township Development of Amathole District Towns	16,573,737	49,450	(9,417,185)	(8,570)	7,197,431
2	Ba-Phalaborwa Municipality	NDPG3-004	BaPhalaborwa LM - Freedom and memorial Precinct	5,284,025		(5,284,025)	-	-
3	Beaufort West Local Municipality	NDPG4-029	Urban Nodal Development	339,680		(339,680)	-	-
4	Bitou Local Municipality	NDPG4-069	Bitou Coming Together	470,699		(470,699)	-	-
5	Breede River/Winlands Local Municipality	NDPG4-018	Robertson Township Initiative	16,002		(16,002)	-	-
6	Buffalo City Local Municipality	NDPG3-058	Township Regeneration	383,264		(383,264)	-	-
7	Bushbuckridge Local Municipality	NDPG3-080	Bushbuckridge Urban Municipality	162,643	1,330,000	(162,643)	(889,231)	440,769
8	City of Cape Town Metropolitan Municipality	Various	City of Cape Town Townships initiative	9,059,534		(8,593,070)	-	466,464
9	City of Johannesburg Metropolitan Municipality	Various	City of Johannesburg Townships initiative	59,181,895		(59,181,895)	-	-
10	City of Tshwane Metro Municipality	NDPG1-106	Tsosoloso Programme (Public Spaces)	3,549,906	2,400,000	(3,549,906)	(890,538)	1,509,462
11	Dibabeng Local Municipality	NDPG3-005	Vogelfontein Urban Centre	-	-	-	-	-
12	Ekurhuleni Metropolitan Municipality	Various	Ekurhuleni Townships initiative	5,533,777	830,262	(2,925,059)	(848,911)	2,590,069
13	Emalahleni Municipality	NDPG4-130.4	Rural Town Centre General Upgrades	-	-	-	-	-
14	Ennambithi/Ladysmith Municipality	NDPG4-127	Commercial Development	-	-	-	-	-
15	eThekweni Metropolitan Municipality	Various	eThekweni Townships initiative	2,486,796		(2,486,796)	-	-
16	Ga-Segonyana Local Municipality	NDPG4-130.1	Mothibstad Rural Development	5,047,906		(5,047,906)	-	-

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE C - NDPG CONTRACTUAL COMMITMENTS (CONTINUED)

#	Municipality	Project Number	Project Name	Contractual commitments for the year ending 31 March 2013	New / amended contracts for the year ending 31 March 2014	Completed contracts for the year ending 31 March 2014	Payments for the year ending 31 March 2014	Contractual commitments for the year ending 31 March 2014
17	Greater Taung Local Municipality	NDPG3-029	Greater Taung regeneration Strategy	3,247,290	2,360,015	(741,125)	(1,823,624)	3,042,557
18	Greater Tubatse	NDPG4-130.2	General Improvements of Town Centre and	(475,142)	2,900,000	-	(369,609)	2,055,249
19	Greater Tzaneen Local Municipality	NDPG1-064	Nkowanowa Urban Renewal	3,473,667	228,000	(1,855,850)	(753,589)	1,092,229
20	King Sabata Dalindyebo Local Municipality	NDPG1-185	Transo Economic Node Development	5,946,382	-	(5,946,382)	-	-
21	Knysna Local Municipality	Various	Knysna Townships initiative	1,214,736	735,300	(1,214,736)	(698,149)	37,151
22	Kouga Local Municipality	NDPG1-077	Eyabantu Community Neighbourhood Centre	450,000	-	(450,000)	-	-
23	KwaDukuza Local Municipality	NDPG3-044	KwaDukuza Priority Clusters	766,385	-	(766,385)	-	-
24	Lekwa Local Municipality	NDPG2-079	Taxi Bus/Hub and Recreation Centre	31,427	-	(31,427)	-	-
25	Lukhanji	NDPG4-130.3	Township and Town Centre Upgrade	-	-	-	-	-
26	Makana Local Municipality	NDPG2-060	Townships Regeneration (Rhini and Others)	370,364	-	-	(23,060)	347,304
27	Mandeni Municipality	NDPG3-052	Sundumbili Urban Development	7,287,960	-	(7,287,960)	-	-
28	Matjhabeng Local Municipality	NDPG3-035	Township Regeneration and Investment Plan	-	-	-	-	-
29	Matlosana Local Municipality	NDPG3-095	Neighbourhood Revit	1,064,445	1,500,000	(1,064,445)	(128,439)	1,371,561
30	Matzikama Local Municipality	NDPG4-012	Urban Nodal Development	50,461	-	(50,461)	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE C - NDPG CONTRACTUAL COMMITMENTS (CONTINUED)

#	Municipality	Project Number	Project Name	Contractual commitments for the year ending 31 March 2013	New / amended contracts for the year ending 31 March 2014	Completed contracts for the year ending 31 March 2014	Payments for the year ending 31 March 2014	Contractual commitments for the year ending 31 March 2014
31	Mbombela Local Municipality	NDPG1-038	Swalala Precinct Development and KwaNyamazane Renewal	1,769,741	-	(1,769,741)	-	-
32	Metsweding District Municipality	NDPG4-025	Metsweding Townships Regeneration Programmes	1,496,485	-	-	(157,320)	1,339,165
33	Mogalakwena Local Municipality	NDPG3-053	Identification and Implementation of Appropriate Community Facilities	1,113,793	-	-	(1,322,556)	(208,763)
34	Mogale City Municipality	Various	Mogale City Townships initiative	1,648,502	-	(31,324)	(607,207)	1,009,972
35	Msunduzi Local Municipality	Various	Msunduzi Township initiatives	71,312	-	(71,312)	-	-
36	Ndwedwe Local Municipality	NDPG1-092	Ndwedwe Township Development	797,813	-	(797,813)	-	-
37	Nelson Mandela Metropolitan Municipality	Various	Nelson Mandela Townships initiative	8,272,232	-	-	(652,650)	7,619,582
38	Newcastle Local Municipality	NDPG3-020	JBC Urban Node	-	-	-	-	-
39	Nongoma Local Municipality	NDPG3-025	Nongoma Town Regeneration and Urban Development	-	-	-	-	-
40	Oudtshoorn Local Municipality	NDPG1-079	New Brighton Renewal	249,120	371,649	-	(464,873)	155,896
41	Overstrand Local Municipality	NDPG4-010	Imvuselelo Developing Economic Spaces	184,141	135,000	(319,141)	-	-
42	Polokwane Local Municipality	NDPG3-093	Polokwane Township Urban Renewal	2,203,596	-	(2,203,596)	-	-
43	Port St Johns	NDPG4-130.5	Town Centre Upgrade	-	-	-	-	-

PROJECT DEVELOPMENT FACILITY | A Trading Entity Managed by the PPP Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

TABLE C - NDPG CONTRACTUAL COMMITMENTS (CONTINUED)

#	Municipality	Project Number	Project Name	Contractual commitments for the year ending 31 March 2013	New / amended contracts for the year ending 31 March 2014	Completed contracts for the year ending 31 March 2014	Payments for the year ending 31 March 2014	Contractual commitments for the year ending 31 March 2014
44	Ramotshere Moiloa Local Municipality	NDPG1-241	Zeerust MPCC/TSC/ Ikageleng	1,589,980	-	-	(529,939)	1,060,041
45	Rustenburg Local Municipality	NDPG3-063	Development Planning	-	-	-	-	-
46	Sedibeng District Municipality	NDPG3-083	Emfuleni LM	7,775,237	-	(6,979,134)	-	796,103
47	Senqu Local Municipality	NDPG1-097	Sports Facility and Economic Hub	7,900,000	-	(7,900,000)	-	-
48	Sisonke District Council	NDPG1-189B	Highflats: MPCC/TSC	-	-	-	-	-
49	Sol Plaatje Local Municipality	NDPG1-226	Galesheve Urban renewal	2,398,867	-	(2,398,867)	-	-
50	Steve Tshwete Local Municipality	NDPG2-024	Township Restructuring	140,408	-	-	-	140,408
51	Thulamela Local Municipality	NDPG3-090	Thulamela Gateway	18,189,157	5,369,489	(11,760,061)	(1,714,884)	10,083,702
52	Tlokwe City Council	NDPG3-084	Ikageng Neighbourhood Development Programme	245,251	-	(245,251)	228,419	228,419
53	uMngeni Local Municipality	NDPG1-043	Mphophomeni Multi Service Centre	182,967	-	(182,967)	-	-
54	Umtshezi local Municipality	NDPG3-040	Wembezi Urban Renewal	741,406	-	(741,406)	-	-
55	Umtzikhulu	NDPG4-130.6	Town Centre Upgrade	3,574,756	-	(641,460)	(157,392)	2,775,904
56	West Rand District Municipality	NDPG4-135.2	Economic Development Node Others	2,584,169	-	-	(827,722)	1,756,446
57	Zululand District Municipality	NDPG1-189A	MPCC/TSC (uPhongolo)	-	-	-	-	-
	TOTAL			194,646,770	18,209,165	(153,308,973)	(12,639,842)	46,907,120

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REPORT 2013/14

TECHNICAL ASSISTANCE UNIT (TAU):
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014



GTAC

government
technical advisory
centre

National Treasury
REPUBLIC OF SOUTH AFRICA

TECHNICAL ASSISTANCE UNIT (TAU)
A Trading Entity Managed by the Tau Unit of National Treasury

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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REPORT 2013/14

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON TECHNICAL ASSISTANCE UNIT

For the year ended 31 March 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

PUBLISHED BY AUTHORITY



TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

REPORT OF THE **AUDITOR-GENERAL ON TAU**

For the year ended 31 March 2014

REPORT ON THE
FINANCIAL STATEMENTS**INTRODUCTION**

1. I have audited the financial statements of the Technical Assistance Unit set out on pages 290 to 306, which comprise statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in equity, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

**ACCOUNTING OFFICER'S
RESPONSIBILITY FOR THE
FINANCIAL STATEMENTS**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Generally Recognised Accounting Practice (Statements of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR-GENERAL'S
RESPONSIBILITY**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to

obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Technical Assistance Unit as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with Statements of GRAP and the requirements of the PFMA.

REPORT ON OTHER
LEGAL AND REGULATORY
REQUIREMENTS

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programme presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly,

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

REPORT OF THE AUDITOR-GENERAL ON TAU

For the year ended 31 March 2014

I do not express an opinion or conclusion on these matters:

PREDETERMINED OBJECTIVES

7. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the Trading entity for the year ended 31 March 2014:
 - Programme 8: Technical Support and Development Finance on pages 124 to 133.
8. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programme. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the selected programmes are as follows:

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE

Usefulness of reported performance information

11. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 100% of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of review of the presentation of the annual performance report by management.

12. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance, it must be measurable and the period or deadline for delivery of targets must be specified; and
- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use.

The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions and documented system descriptions.

RELIABILITY OF REPORTED PERFORMANCE INFORMATION

13. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the department could not provide sufficient, appropriate evidence in support of the reported performance information.

ADDITIONAL MATTER

I draw attention to the following matter:

Achievement of planned targets

14. Refer to the annual performance report on pages 32 to 133 for information on the achievement of the planned targets for the year.

COMPLIANCE WITH LEGISLATION

15. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the *General Notice* issued in terms of the PAA.

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

REPORT OF THE AUDITOR-GENERAL ON TAU


For the year ended 31 March 2014

INTERNAL CONTROL

16. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report included in this report.

LEADERSHIP**Oversight responsibility regarding performance reporting**

17. The oversight processes implemented by management in respect of the annual performance report were inadequate.



Pretoria

7 August 2014

AUDITOR-GENERAL
SOUTH AFRICA*Auditing to build public confidence*

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note(s)	2013/14	2012/13
ASSETS			
Current assets			
Receivables from exchange transactions	5	2,236,425	3,177,956
Receivables from non- exchange transactions	6	630,551	31,664
Cash and cash equivalents	7	80,398,229	50,395,303
Total assets		83,265,205	53,604,923
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		21,225,662	22,724,538
LIABILITIES			
Current liabilities			
Trade and other payables under exchange transactions	8	29,441,941	21,805,744
Other payables under non-exchange transactions	9	32,597,602	9,074,641
Total equity and liabilities		83,265,205	53,604,923

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
Revenue from non-exchange transactions	2	40,970,932	24,500,598
Revenue from exchange transactions	2	107,588,123	135,860,443
Project expenditure	2	(152,839,496)	(163,988,629)
Gross Surplus / (Deficit)		(4,280,441)	(3,627,588)
Administrative expenses	3	(310,919)	(272,803)
Interest income		3,092,484	4,255,632
Net (Deficit) / Surplus for the year		(1,498,876)	355,241

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014**Accumulated
Surplus**

Balance at 31 March 2012	22,369,297
Net surplus for the year	355,241
Balance at 31 March 2013	22,724,538
Net deficit for the year	(1,498,876)
Balance at 31 March 2014	21,225,662

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

CASH FLOW STATEMENT

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from government and other sources		180,108,618	137,552,226
Cash paid to suppliers		(153,198,176)	(163,957,045)
Cash generated from / (utilised in) operations	10	26,910,442	(26,404,819)
Interest income		3,092,484	4,255,632
Net cash generated from / (utilised in) operating activities		30,002,926	(22,149,187)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash at the beginning of the year		50,395,303	72,544,490
TOTAL CASH AT THE END OF THE YEAR	7	80,398,229	50,395,303

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

STATEMENT OF **COMPARISON OF BUDGET** AND ACTUAL AMOUNTS

For the year ended 31 March 2014

	Notes	2013/14 R'000 Budget	2013/14 R'000 Actual	2013/14 R'000 Variance Positive / (Negative)
Revenue from non-exchange transactions		69,203,000	40,970,932	(28,232,068)
Revenue from exchange transactions		153,507,660	107,588,123	(45,919,537)
Project expenditure		(193,546,000)	(152,839,496)	40,706,504
Gross Surplus / (Deficit)	20.1	29,164,660	(4,280,441)	(33,445,101)
Administrative expenses	20.2	(238,249)	(310,919)	(72,670)
Interest income	20.3	2,500,000	3,092,484	592,484
Net Surplus for the year		31,426,411	(1,498,876)	(32,925,287)

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

ACCOUNTING POLICIES

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Changes in Accounting Policies and Consistency of Preparation

TAU previously prepared their Annual Financial Statements (AFS) in accordance with Generally Accepted Accounting Practice (GAAP). As of 1 April 2013, Trading Entities must prepare their AFS in accordance with Generally Recognised Accounting Practice (GRAP).

The basis of preparation has not fundamentally changed the AFS and its presentation is consistent with prior years. The notable change is the introduction of the statement, Comparison of Budget and Actual Amounts.

1.2 Statement of Compliance

These annual financial statements are presented in South African Rand. They are prepared on the historical cost basis unless where indicated otherwise.

The annual financial statements have been prepared in accordance with all the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

1.3 Financial assets and liabilities

Financial assets and financial liabilities have not been offset in the Statement of Financial Position.

1.3.1 Initial recognition and measurement

Financial instruments are classified, on initial recognition as a financial asset as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and are initially measured at fair value.

1.3.2 Receivables

Trade receivables are subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding

amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter into financial re-organisation and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value.

The amount of the loss due to impairment, or the reversal of an impairment loss, is recognised in the Statement of Comprehensive Income within operating expenses. When a trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off will be recognised as revenue in the Statement of Financial Performance.

1.3.3 Trade and other payables

Trade payables and other payables which consist of revenue received in advance are stated at amortised cost which, due to its short term nature, closely approximates their fair value.

1.3.4 Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost which, due to their short term nature, closely approximates their fair value. Cash and cash equivalents comprise cash at bank and deposits held on call with banks.

1.4 Revenue

Revenue from non-exchange transactions

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue is measured at the fair value of the consideration received or receivable.

1.4.1 Appropriated funds

Appropriated and adjusted appropriated funds are recognised when the funds can be measured reliably on the date the appropriation becomes effective. Appropriated funds are recognised as revenue to the extent that there is no further obligation arising from the receipt of the transfer payment.

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

ACCOUNTING POLICIES

For the year ended 31 March 2014

1.4.2 Donor funds

Donor funds are recognised when the funds can be measured reliably on the date the draw-down requisition becomes effective and the cost associated with the revenue has been incurred.

Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

1.4.3 Cost recovery

Revenue for services rendered is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the services will flow to the entity, the stage of completion of the transaction at the end of the reporting period can be measured reliably and the cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

1.4.4 Interest income

Interest income accrues on a time-proportioned basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

1.5 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation including the PFMA. Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

In accordance with the requirements of the PFMA, the details are included in a note to the financial statements. Any irregular, fruitless and wasteful expenditure is charged against the respective class of expenses in the period in which it occurred.

1.6 Related parties

The entity is related to other entities and departments in all spheres of government. The transactions are consistent with normal operating relationships between the entities, and are undertaken on terms and conditions that are normal for such transactions.

Refer to note 16 for the transactions between related parties.

1.7 Significant judgments, estimates and assumptions

The preparation of annual financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, revenue and expenses.

Estimates are made based on the best available information at the time of preparation of the Annual Financial Statements. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision on future periods if the revision affects current and future periods.

1.8 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.9 Public Sector practices and policies

1.9.1 Inter-relationship with other government entities

The entity operates as a trading entity of the National Treasury, within the South African Government environment. In line with prevailing government practices, the entity is not obliged to pay for certain expenditure such as office space and utilisation of fixed and moveable assets.

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

ACCOUNTING POLICIES

For the year ended 31 March 2014

1.9.2 Public Finance Management Act reporting requirements

Section 40(3)(b)

No material losses occurred during the current financial year due to criminal conduct nor any unauthorised expenditure or irregular expenditure.

1.10 Events after Reporting Date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

Refer to note 15 for the events identified after the reporting date.

1.11 Budgets

The entity has presented a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate additional financial statement in the financial statements.

The comparison of budget and actual amounts present separately for each level of legislative oversight:

- (a) The approved and final budget amounts;
- (b) The actual amounts on a comparable basis; and
- (c) By way of note disclosure (refer to note 20), an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

1.12 Transfers under Common Control

It is anticipated that the entity will be transferred to another entity under the common control of National Treasury. On the date of the transfer the entity will:

- (a) Derecognise from its financial statements all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.
- (b) Recognise the difference between the carrying amounts of the assets transferred, the liabilities relinquished and the consideration received (if any) from the acquirer in accumulated surplus or deficit.

1.13 Contingent Liabilities

A contingent liability is:

- (a) A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) A present obligation that arises from past events but is not recognised because:
 - i. It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii. The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised, but only disclosed in the notes. (Refer to note 12)

1.14 Commitments

A commitment is:

A future expense that the entity has committed itself to contractually but for which a present obligation for the payment thereof does not exist at the reporting date.

Commitments are not recognised, but only disclosed in the notes. (Refer to note 13)

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
2. GROSS SURPLUS / (DEFICIT)			
Gross surplus / (deficit) is arrived at after taking the following into account:			
Revenue from non-exchange transactions:			
- Government funding received		28,562,000	19,505,000
- ECFF* grants received		925,657	4,109,143
- Donor grants received		11,483,275	886,455
		40,970,932	24,500,598
Revenue from exchange transactions:			
- Cost recovery		107,588,123	135,860,443
Project Expenditure – consulting fees and disbursements			
		(152,839,496)	(163,988,629)
Gross Deficit		(4,280,441)	(3,627,588)

*Employment Creation Facilitation Fund

3. ADMINISTRATIVE EXPENSES

Administrative expenses are arrived at after taking the following into account:

- Audit fees	298,404	211,364
- Bank charges	14,775	16,321
- Legal fees	(8,550)	45,118
- Software License Fees	6,290	-
	310,919	272,803

The legal fees received relate to unutilised arbitratory fees paid in the prior year now refunded.

4. TAXATION

No provision has been made for taxation as the trading entity is exempt from income tax in terms of section 10(1)(cA) of the Income Tax Act (Act No 58 of 1962). As per the agreement with the donor, all VAT on services paid with donor funds will be refundable by SARS.

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
5. RECEIVABLES FROM EXCHANGE TRANSACTIONS			
Gross trade receivables		1,793,137	2,857,790
Accrued interest		443,288	320,166
		2,236,425	3,177,956

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Gross trade receivables -Donor	581,893	-
SARS: VAT	48,658	31,664
	630,551	31,664

Credit quality of trade receivables

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to counterparty default rates.

Fair value of trade receivables

The net carrying values of receivables are considered to be a close approximation of their fair values.

See Note 11 on risk management in relation to the financial assets listed above.

Trade receivables

The carrying amount of trade receivables approximates their fair value. There is no foreign currency exposure at the reporting date.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

Cash at bank	1,500	1,381,253
Call account	80,396,729	49,014,050
Financial assets	80,398,229	50,395,303

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
8. TRADE AND OTHER PAYABLES UNDER EXCHANGE TRANSACTIONS			
- Trade payables		14,570,156	15,056,228
- Revenue received in advance – Cost Recovery		14,871,785	6,746,049
- Interest received		-	3,467
		29,441,941	21,805,744
<p>Trade payables comprise amounts outstanding for service providers' services utilised.</p> <p>The average credit period taken is less than 30 days. The trading entity considers that the carrying amount of trade and other payables at cost closely approximates their fair value.</p> <p>Interest received relates to interest received on Donor funds not spent and will be refunded to the Donor as per mutual agreement.</p>			
9. OTHER PAYABLES UNDER NON-EXCHANGE TRANSACTIONS			
- Revenue received in advance – General Budget Support		10,798,618	-
- Revenue received in advance – Employment Creation Facilitation Funds		21,798,984	9,074,641
		32,597,602	9,074,641
<p>General Budget Support represents funding from the European Union through National Treasury for institutional transformation. Employment Creation Facilitation funding represents funding from National Treasury for job creating projects. These funding have been ear marked for specific projects which are still in progress.</p> <p>See note 11 on risk management in relation to the financial liabilities listed above.</p>			
10. CASH GENERATED / (UTILISED) IN OPERATIONS			
(Deficit) / Surplus for the year		(1,498,876)	355,241
Interest income		(3,092,484)	(4,255,632)
Operating cash flows before working capital changes		(4,591,360)	(3,900,391)
Changes in working capital		31,501,802	(22,504,428)
(Increase) / decrease in trade and other receivables from exchange transactions		941,531	(853,729)
Decrease / (increase) in trade and other receivables from non-exchange transactions		(598,887)	540,132
Increase / (decrease) in trade and other payables from exchange transactions		7,636,197	(23,081,688)
Increase in other payables under non-exchange transactions		23,522,961	890,857
Cash generated from / (utilised) in operations		26,910,442	(26,404,819)

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

Note(s)

2013/14

2012/13

11. RISK MANAGEMENT

Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage, have legal or regulatory implications or can lead to financial loss. The trading entity is constantly monitoring and responding to potential risk, thus managing the risk.

Categories of financial instruments

Financial assets

- Trade receivables	2,375,030	2,857,790
- SARS: VAT	48,658	31,664
- Accrued interest	443,288	320,166
- Cash and cash equivalents	80,398,229	50,395,303

Financial liabilities

- Trade payables	14,570,156	15,056,228
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Price risk

As the trading entity has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Cash flow interest rate risk

Current interest rate

Due in less than a year

Financial instruments

Trade receivables	0.00%	2,375,030
Cash and cash equivalents	4.50%	80,398,229
Trade payables	0.00%	(14,570,156)

Interest rate risk

This risk is the potential financial loss as a result of adverse movement in interest rates that affects the value of bank balances. Nominal interest rate can be split into real interest rate risk and inflation risk. Interest rate risk is managed by investing funds in highly liquid call accounts at reputable financial institutions, earning market related interest.

Market risk

No significant fluctuations in the market occurred during the year that affected the trading entity.

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
Credit Risk			
Financial assets, which potentially subject the TAU Trading Entity to the risk of non-performance by counter parties, consist mainly of cash and trade receivables.			
The Trading entity limits its treasury counterpart exposure by dealing only with well-established financial institutions approved by the National Treasury.			
Trade receivables consist of other government departments.			
Liquidity Risk			
The trading entity manages liquidity risk through proper management of working capital and proper cash flow projections.			
12. CONTINGENCIES			
In terms of the PFMA, all surplus funds as at the reporting date may be forfeited to the National Treasury. A request for the retention of accumulated surplus funds to the value of R21,225,662 resulting from operations in the financial year ended 31 March 2014 and prior years will be made to the National Treasury.			
13. COMMITMENTS			
13.1 Project commitments			
Current commitments will be funded from the accumulated surplus of R21,225,662 as well as from future government grants, cost recovery and donor funds.			
13.2 Operating commitments			
Payable within the next 12 months			
- Contractual commitments		83,842,671	62,931,978
Payable after 12 months but before 60 months			
- Contractual commitments		9,317,824	17,999,185
Payable after 60 months		Nil	Nil

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

Note(s)

2013/14

2012/13

14. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT OR IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

To the best of our knowledge, no material losses through criminal conduct or irregular, fruitless and wasteful expenditure were incurred during the year ended 31 March 2014.

15. EVENTS AFTER THE REPORTING DATE

The entity will be going through a structural change over the next year, which will change the entity but not its operations. The structure change took place effective 1 April 2014. This should not affect going concern.

The financial statements were submitted for audit before 31 May 2014, and were authorised for issue on 31 July 2014.

The accounting authority is not aware of any matter or circumstance arising since the end of the financial year to the date of this report which could require adjustments to, or disclosure in, the annual financial statements.

16. RELATED PARTIES

Amounts included in trade receivables regarding related parties

Department of Correctional Services	-	90,000
Department of International Relations and Co-operations	-	480,000
Department of Public Works	322,265	-
Department of Social Development	-	753,960
Department of Trade and Industry	-	1,448,046
National Department of Health	623,859	-
Office of the Premier – Eastern Cape	342,099	-
Reconstruction and Development Programme	581,893	-
Safety and Security Sector Education and Training	254,693	-
The Presidency	-	85,784
Quality Council for Trades and Occupations	250,221	-

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Note(s)	2013/14	2012/13
Related - party transactions			
Services provided to related parties			
Department of Agriculture, Forestry and Fisheries		-	50,000
Department of Arts and Culture		1,748,968	-
Department of Communications		-	90,000
Department of Economic Development and Tourism WC		1,207,306	1,024,800
Department of Environmental Affairs		400,000	72,000
Department of Environment and Development WC		279,000	-
Department of Higher Education and Training		1,608,708	792,747
Department of Home Affairs		430,533	-
Department of International Relations and Co-operation		709,030	480,000
Department of Labour: Sheltered Employment Factory		-	3,100,000
Department of Provincial Planning and Treasury EC		103,870	-
Department of Public Works		2,884,078	1,480,015
Department of Social Development		-	993,960
Department of Trade and Industry		-	1,448,046
Department of Women, Children and People with Disabilities		-	213,153
Financial Intelligence Centre		126,300	1,861,300
National Arts Council		399,750	-
National Department of Health		3,899,669	188,100
National Department of Labour		-	73,073
National Economic Development and Labour Council		92,148	30,000
National Treasury		89,114,912	119,359,658
North West Provincial Treasury		-	4,154,920
Office of the Premier, Eastern Cape		342,099	1,303,950
Public Service Commission		-	192,096
Quality Council for Trades and Occupations		538,394	-
Safety and Security Sector Education and Training Authority		254,693	63,673
South African Medical Research Council		-	337,787
South African National Biodiversity Institute		431,195	362,178
The Presidency		2,061,620	2,151,798
Transport, Education and Training Authority		955,850	167,960
No services were provided to parties other than the related parties.			
Funding provided by related parties			
National Treasury		28,562,000	19,505,000

The Technical Assistance Unit Trading Entity occupies office space in the National Treasury building free of rent. The value of this service received for free has been valued at R2,150,136 (2012/13: R1 428 840) by the National Treasury.

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

17. STANDARDS AND INTERPRETATIONS EARLY ADOPTED

No new standards and interpretations have been early adopted in the current financial year.

17.1 New or revised accounting pronouncements

At the date of authorisation of these financial statements, there are standards and interpretations in issue but not yet effective. These include the following standards and interpretations that are applicable to the entity and may have an impact on future financial statements:

		Effective date, commencing on or after:
GRAP 20	Related Parties	Not yet effective

Details of the standard and the resulting impact:

This standard prescribes the disclosure of information relevant to draw attention to the possibility that the Entity's financial position and surplus /deficit may have been effected by the existence of related parties. It is not expected that this standard will significantly impact on future disclosures. It is not expected that these standards will impact the entity's financial statements.

The following standards and interpretations that have been issued but are not yet effective are not applicable to the entity and will not have an impact on future financial statements:

		Effective date, commencing on or after:
GRAP 18	Segment Reporting	Not yet effective
GRAP 32	Service Concession Arrangements: Grantor	Not yet effective
GRAP 105	Transfer of Functions between Entities: Under Common Control	Not yet effective
GRAP 106	Transfer of Functions between Entities: Not Under Common Control	Not yet effective
GRAP 107	Mergers	Not yet effective
GRAP 108	Statutory Receivables	Not yet effective

18. SIGNIFICANT UNCERTAINTIES AND KEY JUDGEMENTS

The Entity will be going through a structural change over the next year, which will change the Entity but not its operations. The structural change took place on 1 April 2014. This should not affect the going concern.

19. COMPARATIVE FIGURES

Where necessary, comparatives of the financial statements have been adjusted to conform to changes in presentation in the current year.

TECHNICAL ASSISTANCE UNIT (TAU) | A Trading Entity Managed by the Tau Unit of National Treasury

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

20. NOTES ON THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

20.1 Gross Surplus / (Deficit)

The negative variance on Gross Surplus / (Deficit) of R33,5m was mainly due to R27m budgeted for Donor funded projects. The costed work plan was only signed off in October 2013, resulting in a delay in spending on the donor funded projects. Thus the actual spend was only R0,6m.

Projects earmarked for funding from the Employment Creation Facilitation Fund (ECFF) also went more slowly than anticipated. R13,65m was budgeted and only R1m actually spent.

This resulted in a decrease in Donor and ECFF revenue as well as a decrease in Cost Recovery on these projects budgeted.

20.2 Administrative Expenses

The negative variance on Administrative expenses was mainly due to higher audit fees.

20.3 Interest Income

The positive variance on interest income was due to slower spend on ECFF resulting in higher balances as well as higher interest rates due to investing in fixed deposits where cash flow requirements allowed.

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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1. SERVICE DELIVERY

Organisational Environment

The year under review was generally focused on considering changes necessary to improve the organisation's productivity and further enhance performance. In this regard various systems (not limited to the use of information technology) were considered for purposes of further enhancement. The knowledge management framework was concluded during the year under review, with the Information and Content Management component of the framework having been piloted. Under the auspices of the ICT Steering Committee, an ICT governance framework and the related policies and procedures have been formalized. In light of the change to the ICT business process model, the organisational structure has been revised and is aligned to the DPSA ICT Governance Framework. The Graduate Development Programme received increased support during the year under review, with 48 interns being employed by the department. An additional 11 external bursaries were also awarded. The Financial Management unit developed an internal control framework which will be implemented during the year ahead.

Financial Management Systems and Reforms

The financial management systems (BAS, PERSAL, LOGIS and Vulindlela) continued to operate optimally, with an average up-time exceeding 99%. In 2012/2013, the Office of the Accountant-General initiated and completed the turnaround strategy on the Integrated Financial Management System (IFMS) solution architecture. This resulted in a Cabinet Resolution in November 2013 which supported the procurement of a widely used and well-supported commercial software product from a single vendor. Measures have also been taken to strengthen the governance and execution of the project over the next five years.

Efforts relating to roll out of a Standardised Chart of Accounts for local government have also advanced well during the

year under review. A draft regulation in this regard was published and comments processed. Given the relatively large magnitude of the change to recording and capturing of financial transactions in local government, the consultation processes was extended in order to maximize engagement with potentially affected parties. The process was well received, as was the focus on capacity development.

Economic Policy

The economic policy environment produces research, and undertakes policy analysis, data assessment and forecasting in support of the National Treasury's needs in the areas of budgeting, macroeconomic policy and factors influencing economic growth. During the period under review, the National Treasury continued working on economic policies that aim to achieve higher economic sustainable economic growth and job creation. The unit also contributed to the budget framework, economic growth scenarios and analysis of global trends in capital flows in relation to policy.

Tax and Financial Sector Policy

Amendments and refinements to the tax deductible contributions to defined benefit retirement savings schemes were completed, and are expected to be enacted during 2014. The tax incentive design with regard to non-retirement savings has been finalised.

During the year under review, the National Treasury tabled the Banks Amendment Act 22 of 2013 in Parliament. The Act, promulgated on 10 December 2013, amends the Banks Act (1990) to strengthen the framework for banking regulation and supervision and specifically to give effect to the Basel 3 requirements for banking regulation. A new Financial Markets Act (No. 19 of 2012) was promulgated on 28 May 2013 to update South Africa's regulatory framework for financial markets. A draft Financial Sector Regulation Bill was approved by Cabinet and released on 11 December 2013 for public comment. This Bill aims to implement the "Twin Peaks" approach to

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financial sector regulation, giving new responsibilities to the Reserve Bank and converting the Financial Services Board into a dedicated market conduct regulator. Public comments have been received on the draft Bill, and a new bill is due for publication during the second half of 2014. In the 2014 Budget, the Minister of Finance also announced measures to deepen trade and investment links between South Africa and the rest of Africa.

The Financial Services Laws General Amendment Act, No. 45 of 2013, assented to by the President in January 2014 amongst other objectives closes regulatory gaps, enhances the supervisory capabilities of the FSB and strengthens the governance and management of retirement funds. A paper titled *"Charges in South African retirement funds"* was released in 2013, followed by the *"2014 Budget update on retirement reforms"*.

Budget Office

Over the reporting period the office continued to ensure that the effects of the recession were addressed in a manner that does not disadvantage the poor. Spending continued to increase especially in programmes that have a direct impact on the lives of the most vulnerable in society.

A revised version of the country's long term fiscal report was completed during the 2013 / 14 financial year. It has been submitted to Cabinet for comment and consideration. In addition, the unit began work on the design of a new fiscal risks framework which considers risks to government finances across the public sector.

The *International Development Cooperation (IDC)* unit enhanced coordination between donors and departments by organizing national and provincial ODA forums. The aim is to foster greater accountability and transparency on ODA programmes. This will also enhance the budget allocation process. During the 2013 / 14 year, the unit concluded agreements for the €100 million Infrastructure Investment Programme for South Africa (IIPSA) and the €25 million Socio-Economic Justice for All (SEJA) between the European Union and South Africa.

Public Finance

The Public Finance division oversees budgetary planning and execution in national departments, provides advice and analysis on sectoral policies and programmes, monitors public expenditure and advises on financial and budgetary aspects of public policy and spending proposals. The division provides advice to the Director-General, the Deputy Minister and the Minister on cabinet memoranda and public finance issues that require ministerial concurrence or National Treasury approval. It is the primary link between the National Treasury and other national departments and government agencies. Numerous initiatives were undertaken during the year under review, in alignment with government's priorities.

Intergovernmental Relations

During the reporting period, the division coordinated inputs to the Division of Revenue, the annual Division of Revenue Bill and the development of the framework for managing conditional grants. The 2013 Division of Revenue Act (DORA) included new clauses requiring plans for provincial infrastructure grants for health and education to be submitted to national departments as a condition for future grant allocations to fund those plans. A new local government equitable share was introduced in 2013/14, following a consultative review process undertaken in 2013. The new formula allocates funding for free basic services for the 59 per cent of South African households that reported having an income of less than the value of two old age grants. The new formula also allocates larger amounts to rural municipalities that have limited ability to raise their own revenues.

With respect to monitoring of municipal budgets, during the reporting period IGR continued the roll out of the municipal budget and reporting regulations with the aim of improving the quality of information received from municipalities. Key to this is improving oversight over local government budget legislative prescripts by national and provincial treasuries. All 278 municipalities have compiled their 2014/15 Medium Term Review Expenditure Frameworks in line with the MBRR. There has been a particular focus on ensuring that all municipalities

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complete the MBRR supporting schedules and ensure that their budgets documents articulate the strategic and service delivery objectives of the IDP. This has enabled quarterly publication of consolidated municipal financial performance reports, in line with Section 71 of the MFMA. Furthermore, the National Treasury publishes a consolidated set of budget information for all municipalities annually. This practice is aligned with the MFMA and has been institutionalised over the past six years. The reporting facilitates transparency, and better in-year management and oversight of budgets, making these reports into management tools and early warning mechanisms so that councils can improve their oversight role.

Maintaining Sustainability

Government's macroeconomic framework has proven resilient and adaptable. Prudent and transparent fiscal management, inflation targeting and a flexible exchange rate in the context of open capital markets enabled the economy to continue growing moderately following the 2008 recession. Fiscal imbalances remain and economic growth is still below potential, but output and employment have returned to pre-crisis levels.

South Africa's debt levels are manageable and the long-term fiscal outlook supports sustainable public finances. The R25 billion economic competitiveness and support package that government launched in 2011 helped vulnerable firms to weather the downturn, and will help to boost productivity in the years ahead. Government's response to the crisis has also helped to build a platform for faster, more inclusive economic growth. This is reflected in increased public-sector investment in electricity, transport, water, roads, schools and hospitals.

International Financial Relations

On the regional front, the National Treasury continued to play a prominent role in SADC's Finance Committee. Work towards effective financial administration of the SADC Secretariat, aligning the organisation's expenditure with its stated priorities continued during the year under review. The National Treasury leads South Africa's engagement in the finance track of the BRICS. South Africa joined BRICS in 2011. In 2012 BRICS leaders announced that their finance ministers were exploring the feasibility and viability of establishing a new development bank; this has become a cornerstone for consolidating BRICS co-operation as well as co-operation among emerging markets and developing countries (EMDCs). In 2013, the establishment of the bank was identified by Cabinet as the major deliverable that South Africa wished to result from the hosting of the BRICS Summit. The National Treasury contributed towards this major outcome for the country.

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2. EXPENDITURE

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary band (Table 2.2). In particular, it indicates the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 2.1 – Personnel costs by programme, 2013/14

Programme	Total expenditure	Personnel expenditure	Training expenditure (R'000)	Professional and special services	Personnel cost as a percentage of total expenditure	Average personnel cost per employee*
	(R'000)	(R'000)	(R'000)	(R'000)	%	(R'000)
Programme 1 Administration	319 596	144 304	2 026	42 148	45.2	375
Programme 2 Economic Policy, Tax, Financial Regulation and Research	124 097	66 731	561	16 729	53.8	695
Programme 3 Public Finance and Budget Management	212 718	143 756	348	7 952	67.6	549
Programme 4 Asset and Liability Management	2 990 923	62 791	425	6 030	2.1	561
Programme 5 Financial Systems and Accounting	707 772	149 541	2 408	236 756	21.1	564
Programme 6 International Financial Relations	1 067 740	21 752	45	7 254	2.0	544
Programme 7 Civil and Military Pensions, Contributions to Funds	3 523 098	0	0	57 507	0.0	0
Programme 8 Technical Support and Development Finance	2 452 166	42 666	164	103 423	1.7	871
Programme 9 Revenue Administration	9 534 393	0	0	0	0.0	0
Programme 10 Financial Intelligence and State Security	4 174 554	0	0	0	0.0	0
TOTAL	25 107 057	631 541	5 977	477 799		

* Note: Percentage of average personnel cost per employee calculated based on the number of employees in table 3.1. Minister and Deputy Minister personnel expenditure included in total.

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TABLE 2.2 – Personnel costs by salary band, 2013/14

Salary bands	Personnel expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000) ***
Lower skilled (Levels 1-2)	0	0.00	0
Skilled (Levels 3-5)	11 505	1.83	172
Highly skilled production (Levels 6-8)	84 052	13.39	272
Highly skilled supervision (Levels 9-12)	283 264	45.13	515
Senior management (Levels 13-16)	248 800	39.64	885
TOTAL **	627 621	100	520

** Note: Minister and Deputy Minister personnel expenditure not included in total.

*** Note: Percentage of average personnel cost per employee calculated based on the number of employees in table 3.2.

The following tables provide a summary, per programme (Table 2.3) and salary band (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners' allowance (HOA) and medical assistance. In each case, the table indicates the percentage of the personnel budget used for these items.

TABLE 2.3 – Salaries, overtime, home owners' allowance and medical assistance by programme, 2013/14

Programme	Salaries		Overtime		Home owners' allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel cost ****	Amount (R'000)	Overtime as a % of personnel cost ****	Amount (R'000)	HOA as a % of personnel cost ****	Amount (R'000)	Medical assistance as a % of personnel cost ****
Programme 1	98 729	68.4	745	0.5	2 254	1.6	3 799	2.63
Programme 2	40 182	60.2	0	0.0	932	1.4	989	1.48
Programme 3	91 613	63.7	265	0.2	2 201	1.5	2 304	1.60
Programme 4	42 990	68.5	0	0.0	852	1.4	1 492	2.38
Programme 5	100 685	67.3	0	0.0	1 574	1.1	2 602	1.74
Programme 6	12 828	59.0	0	0.0	114	0.5	387	1.78
Programme 7	0	0	0	0.0	0	0.0	0	0.00
Programme 8	22 786	53.4	0	0.0	326	0.8	587	1.38
TOTAL	409 813	64.9	1 010	0.2	8 253	1.3	12 160	1.93

**** Note: Percentages of personnel cost of salaries, overtime, HOA and medical assistance are calculated on the total personnel expenditure per programme in table 2.1

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TABLE 2.4 – Salaries, overtime, home owners' allowance and medical assistance by salary band, 2013/14

Salary bands	Salaries		Overtime		Home owners' allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical assistance as a % of personnel cost
Lower skilled (Levels 1-2)	0	0	0	0.00	0	0.0	0	0
Skilled (Levels 3-5)	7 458	64.8	291	2.53	464	4.0	800	6.95
Highly skilled production (Levels 6-8)	62 130	73.9	458	0.54	2 048	2.4	3 591	4.27
Highly skilled supervision (Levels 9-12)	182 454	64.4	261	0.09	2 676	0.9	5 109	1.80
Senior management (Levels 13-16)	155 466	62.5	0	0.00	3 065	1.2	2 638	1.06
TOTAL *****	407 508	65.3	1 010	0.16	8 253	1.3	12 138	1.94

***** Note: Minister and Deputy Minister personnel expenditure not included in total.

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3. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate and staff that are additional to the establishment. This information is presented in terms of key variables: by programme (Table 3.1) and by salary band (Table 3.2). Departments have identified critical occupations that need to be monitored. The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2014

Programme	Number of funded posts	Headcount	Vacancy rate %	Number of posts filled additional to the establishment
Programme 1: Administration	408	385	5.64	14
Programme 2: Economic Policy & Financial Sector	128	96	25.00	2
Programme 3: Fiscal & Budget Group	299	262	12.37	22
Programme 4: Asset and Liability Management	117	112	4.27	1
Programme 5: Financial Accounting and Reporting	298	265	11.07	20
Programme 6: Economic Policy and international Financial Relations	41	40	2.44	2
Programme 7	0	0	0	0
Programme 8	54	49	9.26	12
TOTAL	1 345	1 209	10.11	73

NB: Minister and Deputy Minister included in totals.

TABLE 3.2 – Employment and vacancies by salary band, 31 March 2014

Salary bands	Number of posts	Headcount	Vacancy rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0.00	0
Skilled (Levels 3-5)	68	67	1.47	10
Highly skilled production (Levels 6-8)	328	309	5.79	9
Highly skilled supervision (Levels 9-12)	624	550	11.86	34
Senior management (Levels 13-16)	325	283	12.92	20
TOTAL	1 345	1 209	10.11	73

NB: Vacancy reduced by additional appointments. Minister and Deputy Minister included in totals

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TABLE 3.3 - Filling of SMS posts

The tables in this section provide information on employment and vacancies about members of the SMS, by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 - SMS post information as of 31 March 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	100	0	0
Salary Level 15	14	12	86	2	5
Salary Level 14	66	61	92	5	12
Salary Level 13	242	207	86	35	83
TOTAL	323	281	87	42	100

Minister and Deputy Minister excluded from totals.

Table 3.3.2 - SMS post information as of 30 September 2013

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	100	0	0
Salary Level 15	16	14	88	2	6
Salary Level 14	67	62	93	5	14
Salary Level 13	240	211	88	29	81
TOTAL	324	288	89	36	100

Minister and Deputy Minister excluded from totals.

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Table 3.3.3 - Advertising and filling of SMS posts for the period 1 April 2013 to 31 March 2014

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised within 6 months of becoming vacant	Number of vacancies per level filled within 6 months of becoming vacant	Number of vacancies per level not filled within 6 months but filled within 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	1	1	1
Salary Level 14	4	3	2
Salary Level 13	23	17	9
TOTAL	28	21	12

Table 3.3.4 - Reasons for not having complied with the filling of funded vacant SMS posts advertised within 6 months and filled within 12 months of becoming vacant, for the period 1 April 2013 to 31 March 2014

Reasons for vacancies not advertised within six months
The functions in some divisions of the National Treasury were under review. Therefore, advertising of these positions at the time would not have been ideal as some of the functions changed in line with the business needs.
Reasons for vacancies not filled within twelve months
Reasons in addition to those given above include the Department choosing to have acting appointments with an emphasis on continuity of work; filling some of the positions not being a priority because of functional shifts in some directorates; and the difficulty of finding suitable candidates in specific areas.

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4. JOB EVALUATION

The Public Service Regulations, 1999, introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisations. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled.

Table 4.1 below gives the number of jobs evaluated during the year under review. It also provides statistics on the number of posts upgraded or downgraded.

TABLE 4.1 – Job evaluation, 1 April 2013 to 31 March 2014

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	0	0	0.00	0	0	0	0
Skilled (Levels 3-5)	68	0	0.00	0	0	0	0
Highly skilled production (Levels 6-8)	328	1	0.30	0	0	0	0
Highly skilled supervision (Levels 9-12)	624	84	13.46	2	100	0	0
Senior Management Service Band A	242	23	9.50	0	0	0	0
Senior Management Service Band B	66	7	10.61	0	0	0	0
Senior Management Service Band C	14	5	35.71	0	0	0	0
Senior Management Service Band D	3	0	0.00	0	0	0	0
TOTAL	1 345	120	8.92	2	100	0	0

NB: Minister and Deputy Minister included in totals.

The following table gives the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees differs from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some upgraded posts remained vacant.

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TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2013 to 31 March 2014

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	0	0	1	0	1
Employees with a disability	0	0	0	0	0
TOTAL	1	0	1	0	2

The following table gives number of cases where remuneration levels exceeded the grade determined by job evaluation. The reasons for the deviation are provided in each case.

TABLE 4.3 – Employees whose salary level exceeded the grade determined by job evaluation, 1 April 2013 to 31 March 2014 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Deputy Director-General	1	14	15	Retention
Chief Director	0	0	0	N/A
Director	2	11 & 12	13	Retention
Deputy Director	2	10 & 11	11 & 12	Retention
TOTAL NUMBER OF EMPLOYEES WHOSE SALARIES EXCEEDED THE LEVEL DETERMINED BY JOB EVALUATION IN 2013/14				5
PERCENTAGE OF TOTAL EMPLOYMENT				0.49%

Table 4.4 describes the beneficiaries of the above in terms of race, gender, and disability.

TABLE 4.4 – Profile of employees whose salary level exceeded the grade determined by job evaluation, 1 April 2013 to 31 March 2014 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	2	0	1	0	3
Male	0	0	1	1	2
TOTAL	2	0	2	1	5

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5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following table gives the turnover rates by salary band.

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2013 to 31 March 2014

Salary band	Number of employees per band as on 31 March 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate %
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	66	13	11	16.67
Highly skilled production(Levels 6-8)	306	78	34	11.11
Highly skilled supervision(Levels 9-12)	535	70	80	14.95
Senior Management Service Band A	202	14	22	10.89
Senior Management Service Band B	55	1	6	10.91
Senior Management Service Band C	21	1	3	14.29
Senior Management Service Band D	4	0	1	25.00
TOTAL	1 189	177	157	13.20

Table 5.2 – Reasons for staff leaving the department

Termination Type	Number	% of total
Death	2	1.27
Resignation	99	63.06
Expiry of contract	21	13.38
Dismissal – operational changes	0	0.00
Dismissal – misconduct	1	0.64
Dismissal – inefficiency	0	0.00
Discharged due to ill-health	0	0.00
Retirement	7	4.46
Severance package	0	0.00
Transfers to other public service departments	27	17.20
TOTAL	157	100
NUMBER OF EMPLOYEES WHO LEFT AS A % OF TOTAL EMPLOYMENT (1 189 AS AT 31 MARCH 2014)		13.20

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Table 5.3 – Promotions by salary band

Salary band	Employees 31 March 2013	Promotions to another salary level	Salary band promotions as a % of employees by salary level
Lower skilled (Levels 1-2)	0	0	0.00
Skilled (Levels 3-5)	66	0	0.00
Highly skilled production (Levels 6-8)	306	5	1.63
Highly skilled supervision (Levels 9-12)	535	55	10.28
Senior management (Levels 13-16)	282	24	8.51
TOTAL	1 189	84	7.06

6. EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2014

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	76	14	15	49	66	11	10	42	283
Professionals	182	15	10	39	231	9	8	34	528
Technicians and associate professionals	47	4	2	5	147	13	7	43	268
Clerks	26	0	2	4	43	0	5	5	85
Service and sales workers	18	1	1	0	8	1	0	0	29
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	9	1	0	0	6	0	0	0	16
TOTAL	358	35	30	97	501	34	30	124	1 209

NB: Minister and Deputy Minister included in totals (legislators, senior officials and managers).

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6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2014

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (15-16)	6	1	5	5	3	3	0	2	25
Senior management (13-14)	72	12	10	47	64	7	10	38	260
Professionally qualified and experienced specialists and mid-management (9-12)	179	15	11	36	236	11	8	44	540
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	70	2	4	8	168	13	12	40	317
Semi-skilled and discretionary decision making (3-5)	31	5	0	1	30	0	0	0	67
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
TOTAL	358	35	30	97	501	34	30	124	1 209

6.3 – Recruitment for the period 1 April 2013 to 31 March 2014

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (15-16)	0	0	0	0	0	1	0	0	1
Senior management (13-14)	3	1	0	1	6	2	0	2	15
Professionally qualified and experienced specialists and mid-management (9-12)	24	1	0	1	38	2	1	3	70
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	26	0	2	1	41	1	4	3	78
Semi-skilled and discretionary decision making (3-5)	5	0	0	0	8	0	0	0	13
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
TOTAL	58	2	2	3	93	6	5	8	177
Employees with disabilities	0	0	0	0	0	0	0	0	0

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6.4 – Promotions for the period 1 April 2013 to 31 March 2014

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (15-16)	0	0	0	0	0	0	0	0	0
Senior management (13-14)	4	1	0	4	7	2	1	5	24
Professionally qualified and experienced specialists and mid-management (9-12)	18	1	2	3	28	1	0	2	55
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	1	0	0	1	3	0	0	0	5
Semi-skilled and discretionary decision making (3-5)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0
TOTAL	23	2	2	8	38	3	1	7	84

6.5 – Terminations for the period 1 April 2013 to 31 March 2014

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (15-16)	1	0	1	2	0	0	0	0	4
Senior management (13-14)	10	1	2	2	5	0	1	7	28
Professionally qualified and experienced specialists and mid-management (9-12)	31	3	2	4	27	2	3	8	80
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	9	0	0	0	21	2	0	2	34
Semi-skilled and discretionary decision making (3-5)	3	0	0	0	8	0	0	0	11
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
TOTAL	54	4	5	8	61	4	4	17	157

NB: Minister and Deputy Minister not included in totals.

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6.6 – Disciplinary action for the period 1 April 2013 to 31 March 2014

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	0	0	0	0	0	0	0	0	0

6.7 – Skills development for the period 1 April 2013 to 31 March 2014

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	25	4	5	11	27	3	4	12	91
Professionals	113	8	3	18	150	5	2	20	319
Technicians and associate professionals	25	2	1	1	99	11	3	24	166
Clerks	23	0	2	5	47	0	4	5	86
Service and sales workers	8	0	1	0	5	1	0	1	16
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Elementary occupations	0	0	0	0	2	0	0	0	2
TOTAL	195	14	12	35	330	20	13	62	681

Employees with disabilities	2	0	0	2	0	1	0	2	7
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HUMAN RESOURCES REPORT

7. PERFORMANCE REWARDS

To encourage good performance, the department granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 7.1), salary bands (Table 7.2) and critical occupations (Table 7.3).

TABLE 7.1 – Performance rewards by race, gender, and disability, 1 April 2012 to 31 March 2013

	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	607	825	73.5	10 593	17 452
Male	255	354	72	5 003	19 622
Female	352	471	74.7	5 589	15 879
Asian	47	62	75.8	1 139	24 252
Male	22	32	68.7	627	28 515
Female	25	30	83.3	512	20 501
Coloured	53	67	79.1	1 242	23 446
Male	27	36	75	656	24 304
Female	26	31	83.8	586	22 556
White	210	235	89.3	5 267	25 082
Male	88	101	87.1	2 495	28 363
Female	122	134	91.0	1 175	25 547
TOTAL	917	1 189	77.1	18 243	19 894

TABLE 7.2 – Performance rewards by salary band for personnel below SMS, 1 April 2012 to 31 March 2013

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary band	Total cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	0	0.0	0	0	0.00
Skilled (Levels 3-5)	52	66	78.7	279	5 369	0.87
Highly skilled production (Levels 6-8)	200	306	65.3	2 107	10 761	1.75
Highly skilled supervision (Levels 9-12)	428	535	80.0	7 947	18 568	3.02
TOTAL	680	907	74.9	10 333	15 196	2.50

HUMAN RESOURCES REPORT

TABLE 7.3 – Performance related rewards (cash bonus), by salary band, for SMS

Salary band	Beneficiary profile			Total cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	175	206	84.9	5 193	29 675	0.84
Band B	53	59	89.8	2 271	42 858	0.37
Band C	9	14	64.2	445	49 427	0.07
Band D	0	3	0.0	0	0	0
TOTAL	237	282	84	7 909	33 373	1.29

8. FOREIGN WORKERS

TABLE 8.1 – Foreign workers by salary band, 1 April 2013 to 31 March 2014

Salary band	April 2013		March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	25	76	24	69	-1	-4
Senior management (Levels 13-16)	8	24	11	36	3	38
TOTAL	33	100	35	100	2	6

TABLE 8.2 – Foreign workers by major occupation, 1 April 2013 to 31 March 2014

Salary band	April 2013		March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
Senior management	8	24	11	31	3	38
Professional qualified	25	76	24	69	-1	-4
Skilled technical	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0
TOTAL	33	100	35	100	2	6

HUMAN RESOURCES REPORT

9. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2013 TO 31 DECEMBER 2013

The Public Service Commission has identified the need for careful monitoring of sick leave within the public service. The following tables indicate the use of sick leave (Table 8.1) and disability leave (Table 8.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2013 to 31 December 2013

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0.0	0	0
Skilled (Levels 3-5)	463	83.4	55	5.3	8	196
Highly skilled production (Levels 6-8)	2 297	80.5	269	25.9	9	1 809
Highly skilled supervision (Levels 9-12)	3 319	76.3	495	47.7	7	5 759
Senior management (Levels 13-16)	1 336	78.1	218	21.1	6	4 268
TOTAL	7 415	78.4	1 037	100	7	12 032

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2013 to 31 December 2013

Salary band	Total days taken	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	100	100	1	0.125	100	45
Highly skilled production (Levels 6-8)	25	100	2	0.25	12.5	22
Highly skilled supervision (Levels 9-12)	272	100	3	0.375	90.7	465
Senior management (Levels 13-16)	348	100	2	0.25	174	808
TOTAL	745	100	8	100	66	1 340

Table 9.3 summarises utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

HUMAN RESOURCES REPORT

TABLE 9.3 – Annual leave, 1 January 2013 to 31 December 2013

Salary bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	0	0
Skilled (Levels 3-5)	1 446	21
Highly skilled production (Levels 6-8)	6 223	20
Highly skilled supervision (Levels 9-12)	11 872	20
Senior management (Levels 13-16)	6 952	22
TOTAL	26 493	21

TABLE 9.4 – Capped leave, 1 January 2013 to 31 December 2013

Salary bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2013
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	4	4	27
Highly skilled production (Levels 6-8)	10	5	18
Highly skilled supervision (Levels 9-12)	19	3	34
Senior management (Levels 13-16)	92	46	52
TOTAL	125	10	35

TABLE 9.5 – Leave pay-outs for the period 1 April 2013 to 31 March 2014

The following table summarises payments made to employees as a result of leave not taken.

Reason	Total Amount (R'000) (a)	Number of employees (b)	Average payment per employee (R'000) (c=a/b)
Leave payout for 2013/14 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2013/14	1 418	7	202
Current leave payout on termination of service for 2013/14	1 994	119	17
TOTAL	3 412	126	27

HUMAN RESOURCES REPORT

10. HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	<ul style="list-style-type: none"> - Nurse on site bi-weekly, voluntary counselling and HIV and TB testing are conducted. - Quarterly voluntary counselling and testing are offered. Employees who test positive are referred and registered with their respective Medical Aid for the HIV/AIDS programmes. - Promote prevention by hosting STI/D and condom awareness sessions; and - Counselling services are provided through the Employee Wellness Programme (EWP) for emotional support.

HUMAN RESOURCES REPORT

TABLE 10.2 – Details of health promotion and HIV and AIDS programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.		X	
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The Director: Organisation Development (oversight role) supported by one Wellness Specialist and one intern. Annual budget included in the overall HR budget.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	X		Counselling services, wellness management, HIV/AIDS management and productivity management
4. Has the department established (a) committee(s) as contemplated in Part VI.E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Divisional Representatives: Sheridan Pillay Johnny October Margaret Serumula Innocentia Machaba Octavia Maphila Nomlotha Mazibuko Betty Malope Judith Rudolph HR Representatives: Rebecca Modiba Ezre Stokes Tebogo Legote Nomthandazo Mdzoyi
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Wellness Management policy.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Confidentiality clauses
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		In the 2013/14 financial year, 349 employees voluntarily tested for HIV/AIDS.
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Number of officials utilising EWP programmes and receiving counselling; reduced absenteeism – Monitored through monthly EWP reports

HUMAN RESOURCES REPORT

11. LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department.

TABLE 11.1 – Collective agreements, 1 April 2013 to 31 March 2014

Subject Matter	Date
NONE	NONE

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2013 to 31 March 2014

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
TOTAL	0	0

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
TOTAL	0	0

TABLE 11.4 – Grievances lodged for the period 1 April 2013 to 31 March 2014

	Number	% of Total
Number of grievances resolved	7	64%
Number of grievances not resolved	4	36%
TOTAL NUMBER OF GRIEVANCES LODGED	11	100%

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2013 to 31 March 2014

	Number	% of Total
Number of disputes upheld	2	66.7
Number of disputes dismissed	1	33.3
Total number of disputes lodged	3	100

HUMAN RESOURCES REPORT

TABLE 11.6 – Strike actions for the period 1 April 2013 to 31 March 2014

Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

TABLE 11.7 – Precautionary suspensions for the period 1 April 2013 to 31 March 2014

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	25
Cost of suspensions	R47 388.90

12. SKILLS DEVELOPMENT

This section summarises the department's work with regard to skills development.

12.1 – Training needs identified, 1 April 2013 to 31 March 2014

Occupational categories	Gender	Number of employees as at 1 April 2013	Training needs identified at start of reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	96	0	122	0	122
	Male	142	0	166	0	166
Professionals	Female	252	0	168	0	168
	Male	235	0	161	0	161
Technicians and associated professionals	Female	70	0	314	0	314
	Male	39	0	127	0	127
Clerks	Female	232	0	41	0	41
	Male	68	0	34	0	34
Service and sales workers	Female	6	0	5	0	5
	Male	19	0	16	0	16
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	6	0	0	0	0
Elementary occupations	Female	10	0	24	0	24
	Male	12	0	28	0	28
Subtotal	Female	666	0	674	0	674
	Male	521	0	532	0	532
TOTAL		1 187	0	1 206	0	1 206

** Note: Minister and Deputy Minister not included in total.

HUMAN RESOURCES REPORT

12.2 – Training provided, 1 April 2013 to 31 March 2014

Occupational categories	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	96	0	46	0	46
	Male	142	0	45	0	45
Professionals	Female	252	0	177	0	177
	Male	235	0	142	0	142
Technicians and associated professionals	Female	70	0	137	0	137
	Male	39	0	29	0	29
Clerks	Female	232	0	56	0	56
	Male	68	0	30	0	30
Service and sales workers	Female	6	0	7	0	7
	Male	19	0	9	0	9
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators & assemblers	Female	0	0	0	0	0
	Male	6	0	1	0	1
Elementary occupations	Female	10	0	2	0	2
	Male	12	0	0	0	0
Subtotal	Female	666	0	425	0	425
	Male	521	0	256	0	256
TOTAL		1 187	0	681	0	681

** Note: Minister and Deputy Minister not included in total.

13. INJURIES ON DUTY

The following table provides basic information about injuries on duty.

TABLE 13.1 – Injuries on duty, 1 April 2013 to 31 March 2014

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
TOTAL	4	100

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ANNEXURES



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ANNEXURES 1

ABBREVIATIONS

AC	Audit Committee
ACCC	Anti-Corruption Coordinating Committee
ACSA	Airports Company of South Africa
ADB	African Development Bank
ADF	African Development Fund
AEI	African Economic Integration
AFIS	Automated Fingerprint Identification System
AIPF	Associated Institutions Pension Fund
APRM	African Peer Review Mechanism
ASB	Accounting Standards Board
ATM1	Average Term to Maturity
AU	African Union
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
BI	Business Intelligence
BIS	Bank for International Settlements
BRICS	Brazil, Russia, India, China, and South Africa
BSA	Brand South Africa
CAA	Chartered Accountants Academy
CABRI	Collaborative Africa Budget Reform Initiative
CASP	Comprehensive Agriculture Support Programme
CCSA	Certification in Control Self-Assessment
CDS	Capacity Development Strategy
CFTC	Commonwealth Fund for Technical Cooperation
CGE	Computable General Equilibrium
CIA	Certified Internal Auditor
CIDB	Construction Industry Development Board
CISA	Certified Information Systems Auditor
CISNA	Securities and Non-banking Financial Authorities
CMU	Contract Management Unit
CMA	Common Monetary Area
COIDA	Compensation for Occupational Injury and Diseases Act
COGTA	Cooperative Governance and Traditional Affairs
CPD	Corporation for Public Deposits
CPO	Chief Procurement Officer
CREFSA	Centre of Research into Economic and Finance in Southern Africa
CRDP	Comprehensive Rural Development Programme

CRL	Cultural, Religious and Linguistic Communities
CSP	City Support Programme
DBSA	Development Bank of Southern Africa
DCIS	Development Corporation Information System
DFI	Development Finance Institution
DIRCO	Department of International Relations and Cooperation
DOC	Department of Communications
DORA	Division of Revenue Act
DME	Department of Minerals and Energy
DPE	Department of Public Enterprises
DPME	Department of Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DSGE	Dynamic Stochastic General Equilibrium
ECFF	Employment Creation Facilitation Fund
ED	Exposure Draft
ERSA	Economic Research Southern Africa
ENE	Estimates of National Expenditure
EPR	Expenditure Reviews
EPWP	Expanded Public Works Programme
EU	European Union
FATF	Financial Action Task Force
ECD	Early Child Development
ETD	Education, Training and Development
FET	Further Education and Training
FFC	Financial and Fiscal Commission
FIC	Financial Intelligence Centre
FMS	Financial Management System
FMCMM	Financial Management Capability Maturity Model
FOSAD	Forum of SA Directors-General
FRBs	Fixed Rate Bonds
FSB	Financial Services Board
G20	Group of Twenty Countries
G24	Group of Twenty-Four Countries
GAMAP	Generally Accepted Municipal Accounting Practices
GCC	Guarantee Certification Committee
GCIS	Government Communications and Information System

ANNEXURES 1

ABBREVIATIONS

GDS	Growth and Development Summit
GEMS	Government Employee Medical Scheme
GEPF	Government Employee Pensions Fund
GFECRA	Gold and Foreign Exchange Contingency Reserve Account
GFS	Government Finance Statistics
GPAA	Government Pensions Administration Agency
GRAP	Generally Recognised Accounting Practices
GTAC	Technical Advisory Centre
HDI	Historically Disadvantaged Individual
HEDCOM	Heads of Education Departments Committee
HIPC	Highly Indebted Poor Countries
HPV	Human Papilloma Virus
HSRC	Human Sciences Research Council
IA	Internal Audit
IAS	International Accounting Standards
ICASA	Independent Communications Authority of South Africa
ICDG	Integrated City Development Grant
ICT	Information and Communication Technology
IDC	International Development Cooperation
IDIP	Infrastructure Development Improvement Programme
IDM	Infrastructure Delivery Management
IDMS	Infrastructure Delivery Management System
IDTT	Inter Departmental Task Team
IFAC	International Federation of Accountants
IFMS	Integrated Financial Management System
IGR	Intergovernmental Relations
IIA	Institute of Internal Auditors
IJS	Integrated Justice Sector
ILBs	Inflation Linked Bonds
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IMM	Inventory Management Module
INSET	In-Service Training
IOSCO	International Organisation of Securities Commissions
IPFA	Institute for Public Finance and Auditing
IPID	Independent Police Investigative Directorate

IPSAS	International Public-sector Accounting Standards
IREP	International and Regional Economic Policy
ISDA	International Swaps and Derivatives Association
ISDG	Infrastructure Skills Development Grant
ISSP	Integrated Strategic Support Plan
IYM	In-Year Monitoring
LGBER	Local Government Budgets and Expenditure Review
LRAD	Land Reform for Agricultural Development
MBBE	Municipal Budget and Benchmark Engagement
MAFISA	Micro-Agricultural Financial Institutions of South Africa
MFI	Micro-Finance Intermediaries
MFMA	Municipal Financial Management Act
MFMTAP	Municipal Finance Management Technical Assistance Project
MIG	Municipal Infrastructure Grant
MLE	Maximum Likelihood Estimate
MMC	Members of the Mayoral Committee
MOU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MSP	Master Systems Plan
MTBPS	Medium-Term Budget Policy Statement
MTEC	Medium-Term Expenditure Committee
MTEF	Medium-Term Expenditure Framework
MTREF	Medium-Term Review Expenditure Frameworks
MTSF	Medium-Term Strategic Framework
MYPD	Multi-Year Price Determination
NCOP	National Council of Provinces
NDP	Neighbourhood Development Programme
NEDLAC	National Economic Development and Labour Council
NEPAD	New Partnership for Africa's Development
NERSA	National Energy Regulator of South Africa
NERT	National Energy Response Team
NHFC	National Housing Finance Corporation
NIA	National Intelligence Agency
NOFP	Net Open Forward Position
NPA	National Ports Authority
NRF	National Revenue Fund
NSG	National School of Government

ANNEXURES 1

ABBREVIATIONS

NURCHA	National Urban Reconstruction and Housing Agency
OAG	Office of the Accountant-General
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PALAMA	Public Administration Leadership and Management Academy
PEFA	Public Expenditure and Financial Accountability
PEOU	Public Entity Oversight Unit
PE	Public Entity
PIC	Public Investment Corporation
PFAI	Provident Fund for Associated Institutions
PFM	Public Finance Management
PFMA	Public Finance Management Act
PFS	Public Finance Statistics
PMM	Procurement Management Module
PMU	Project Management Unit for Social Security and Retirement Reform
POBPF	Political Office Bearers Pension Fund
POLMED	Police Services Medical Scheme
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PRASA	Passenger Rail Agency of South Africa
PSCBC	Public Service Coordinating Bargaining Council
PSEPC	Public-sector Expert Practice Committee
PSETA	Public Service Education and Training Authority
RFB	Requests for Bids
RDP	Reconstruction and Development Programme
RED	Regional Electricity Distributor
REFIT	Renewable Energy Feed-In Tariff
RISDP	Regional Indicative Strategic Development Plan
RMF	Risk Management Framework
SABOR	South African Benchmark Overnight Rate
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAFCOL	SA Forestry Company Limited
SAG	South African Government

SANReN	South African Research Network
SAPS	South African Police Services
SAPO	South African Post Office
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASRIA	South African Special Risks Insurance Association
SASSA	South Africa Social Security Agency
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SEC	Securities and Exchange Commission
SETA	Sector Education and Training Authority
SISP	Strategic Information Systems Plan
SITA	State Information Technology Agency
SCOPA	Standing Committee on Public Accounts
SMME	Small, Medium and Micro-Enterprise
SOC	State-Owned Company
SOEs	State-Owned Enterprise
SOERG	State-Owned Enterprises Remuneration Guide
SOPs	Standard Operating Procedures
STC	Secondary Tax on Companies
STRIPS	Separate Trading of Registered Interest and Principal Securities
TA	Technical Assistance
TAU	Technical Assistance Unit
TBs	Treasury Bills
TBPS	Treasury Best Practice Standards
TCTA	Trans-Caledon Tunnel Authority
TEPF	Temporary Employees Pension Fund
TLAB	Tax Laws Amendment Bill
UAT	Complete User Acceptance
UNFCCC	United Nations Framework Convention on Climate Change
WTO	World Trade Organisation

ANNEXURES 2

INSTITUTIONS ASSOCIATED WITH THE NATIONAL TREASURY

The National Treasury works closely with a number of public institutions. It has operational and institutional independence and, in some instances, constitutionally guaranteed autonomy. It produces its own annual reports.

Accounting Standards Board

Section 87 of the Public Finance Management Act (1 of 1999)

Coin Liabilities

SA Reserve Bank subsidiary

Corporation for Public Deposits

Corporation for Public Deposits Act (46 of 1984)

Development Bank of Southern Africa

Development Bank of Southern Africa Act (13 of 1997)

Financial and Fiscal Commission

Financial and Fiscal Commission Act (99 of 1997)

Financial Services Board

Financial Services Board Act (97 of 1990)

The following organisations report to it:

Pension Fund Adjudication

Financial Markets Advisory Board

Pension Funds Advisory Board

Financial Intelligence Centre

Financial Intelligence Centre Act (38 of 2001)

Independent Development Trust

Policy Board for Financial Services Regulation

Policy Board for Financial Services and Regulation Act (141 of 1993)

Public Accounts and Auditors Board

Public Investment Corporation

Public Investment Corporation Act, 2004 (23 of 2004)

Registrar of Banks

Reports to SA Reserve Bank

SA Banknote Company

SA Reserve Bank subsidiary

SA Mint Company

SA Reserve Bank subsidiary

South African Reserve Bank

SA Reserve Bank Act (90 of 1989)

South African Revenue Service

SA Revenue Service Act (34 of 1997)

South African Special Risk Insurance Association (SASRIA)

Special Pensions Board

Special Pensions Advisory Board

State Tender Board

Statistical Council

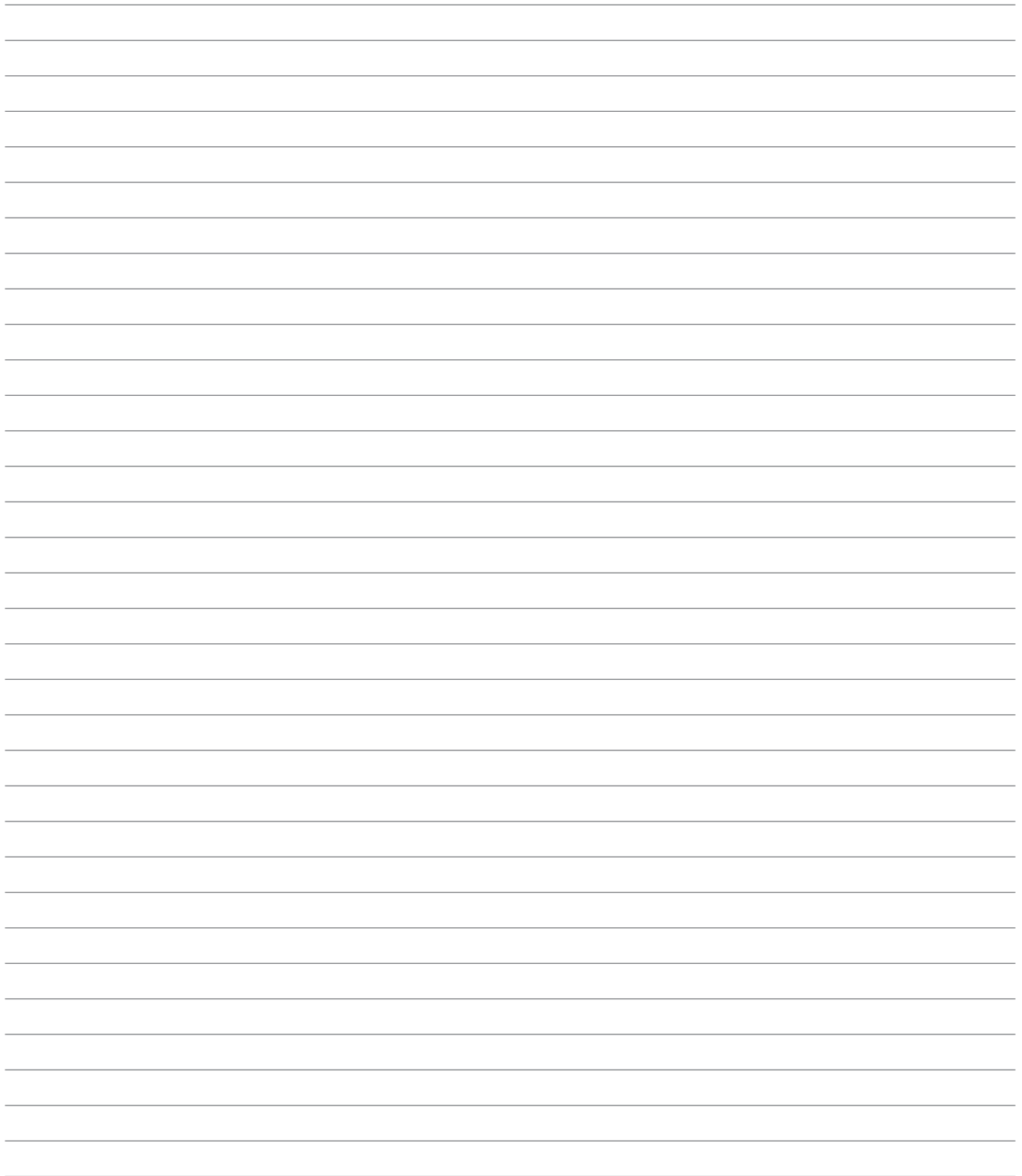
Statistics Act (66 of 1976)

Tax Advisory Committee

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REPORT 2013/14

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national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA