ANNEXURE 2: FUNCTION AND TECHNICAL GROUPS

2018 MTEF
TECHNICAL GUIDELINES
FOR NATIONAL DEPARTMENTS

GUIDELINES FOR THE PREPARATION OF BUDGET SUBMISSIONS AND EXPENDITURE ESTIMATES FOR THE 2018 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

June 2017

This document is available at:
www.treasury.gov.za/publications/guideline
2018 MTEF
Technical Guidelines
for National Departments

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BUDGET SUBMISSIONS AND EXPENDITURE
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1 INTRODUCTION

1.1 Through the budget process, a large number of public institutions plan, collaborate, negotiate and decide together on a comprehensive government spending plan for the next three years. Given fiscal limits, resources must be allocated in the most effective and efficient way to meet the policy objectives of South Africa as a democratic state, as set out in the Constitution, the National Development Plan and government’s Medium Term Strategic Framework (2014 – 2019).

1.2 These 2018 Medium Term Expenditure Framework (MTEF) Technical Guidelines provide national departments with guidance on preparing budget submissions and medium-term expenditure estimates for the 2018 Budget. They are issued in accordance with section 27(3) of the Public Finance Management Act (PFMA), Act No. 1 of 1999. While primarily intended for national government departments, they may be used, with appropriate amendments, to guide submissions by other institutions¹ to national government departments.

1.3 The aim of this technical guideline is to ensure that the documentation prepared by national government departments provides relevant and useful information on the main strategic proposals in order to enable the preparation of clear recommendations in respect of the budget. The Ministers’ Committee on the Budget Technical Committee (MTEC) – which is composed of Director-Generals of several centre-of-government departments – will prepare an “issues and recommendations report” for consideration by the Ministers’ Committee on the Budget (MINCOMBUD) and Cabinet. This report will draw on departmental budget submissions and engagements on these submissions in the course of the budget process. Further information on these matters can be found in ANNEXURE B: Budget process technical and political structures. The primary budget submission of a national department must be:

- Submitted by the Accounting Officer and accompanied by a covering letter confirming that the submission is the expression of the department’s strategic direction, which results from the budget deliberations of its executive management.

- Comprised of two elements:

  a) A narrative report which explains the context for the budget and provides the department’s rationale for expenditure recommendations in a clear and concise manner with a view towards helping decision makers reach conclusions on the basis of evidence and the evaluation of performance.

  b) A data submission, which provides the department’s estimates of expenditure by programme and main economic classification.

¹ Other institutions including public entities, trading entities, government components and constitutional institutions need to provide necessary budget information to national departments to enable them to prepare the budget submission to National Treasury. Constitutional institutions may also approach the National Treasury directly regarding their budget submission.
Comprehensive, covering all the expenditure appropriated against a vote, including transfers to entities and other spheres of government within the budget vote.

Based on key performance indicators, in line with Medium Term Strategic Framework, Strategic Plans and Annual Performance Plans.

Prepared under the guidance of the accounting officer of the national department, in collaboration with the entities and other institutions that report to the same executive authority.

1.4 The following policy guidance should be taken into account when preparing the primary budget submission:

Government is committed to remain within an expenditure ceiling as explained in the 2017 Budget Review. This implies that no additional resources are available for allocation over the MTEF, beyond the limit amounts set aside in the contingency reserve. In general, this implies that additional allocations to a programme will need to be funded by reductions in funding for another programme, either within the department's budget, or from another department's budget. Departments will generally be expected to operate within personnel budget limits, contain costs and improve efficiency by undertaking appropriate operational changes, programme reviews and rescheduling that result in savings.

The Department of Planning, Monitoring and Evaluation (DPME) has been tasked by Cabinet to prepare a paper on policy priorities to guide the allocation of resources. This paper will be issued separately by DPME in due course, and will help to inform deliberations on the budget.

1.5 Primary budget submissions must be received by the National Treasury by 14 July 2017.

1.6 Supplementary submissions in respect of the following elements will also be considered in the 2018 budget process:

- Budget programme structure change proposals
- Large strategic infrastructure projects
- General budget support from development cooperation partners
- Public entities and constitutional institutions

The content and deadlines applicable to supplementary submissions may differ from those of the primary submission. Further information about the supplementary submissions is provided below, but separate dedicated guidance on these matters will be issued to departments in due course. All National Treasury guidelines can be found at: http://www.treasury.gov.za/publications/guidelines/.
2 PRIMARY SUBMISSION: NARRATIVE REPORT

2.1 The primary submission consists of two elements: a narrative report and a data submission. The narrative report must explain the context for the budget and provide an evidence-based rationale for expenditure recommendations for decision makers. It must include the following elements, which are explained in more detail below:

- Key programmes report
- Composition of spending report
- Reallocations report
- Value-for-money plan
- Human resources report
- Cost pressures report
- Public entities and institutions report

2.2 **Key programmes report** explains trends, issues and challenges related to the largest conditional grants, transfers and programmes that relate to the core strategic priorities of the department. The discussion should link budget analysis with a consideration of the policy outcomes and performance indicators for each element. Some key departmental deliverables and cost drivers have been pre-selected by the National Treasury for discussion in the report, and are also highlighted in the data submission. The trends in these and other important budget areas must be discussed.

2.3 **Composition of spending report** discusses trends, issues and challenges in respect of compensation of employees, capital spending, goods and services, transfers and subsidies and other relevant elements of the budget defined by economic classification.

2.4 **Reallocations report** provides an explanation of the proposals to reallocate spending between programmes or economic classifications with a view to addressing cost pressures or aligning resources better with policy priorities. This should include the justification and rationale for the programmes and projects to be scaled back, rescheduled to a later period or closed. In the case of reallocations to address cost pressures this should be presented together with the baseline trend that needs to be corrected. In the case of strategic realignment to meet new policy imperatives, the priority must be identified and the solution explained, together with its budget and performance impact. The budget implications must be quantified and a rationale must be provided for where the funding was sourced. Departments must consult the programme evaluations completed by the DPME and the expenditure reviews undertaken by the National Treasury, in selecting these programmes.

2.5 **Value-for-money plan** explains the departments plans to improve efficiency, realise savings, contain costs and improve value-for-money, with particular reference to supply chain management and procurement. The department’s plans to participate in transversal contracts to assist in containing costs should be specifically addressed. The *Quick Reference Guide to Reduce Procurement Spend* issued by the Chief Procurement Officer (CPO) should guide this element of the report.
This guideline with additional guidance, is contained in the following documents issued by the CPO, which are available on the website:

http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/Guidelines.aspx:

- Quick Guide to Tracking Savings and Benefits,
- Short Guide on Health and Education Sectors,
- Guide to grow economy, inclusive growth, access to black businesses,
- How to guide on PPPFA Regulations, and
- Centrally Negotiated Savings.

2.6 **Human resources budget report** is a narrative report in respect of the information that will be contained in the human resource budget plan, which forms part of the data submission. It should explain the departments’ plans and intentions in respect of establishment restructuring, headcount management, recruitment and human resource development with a view to operating within the personnel budget limit of the department. This requires inclusion of information on key changes effected and envisaged on the department’s personnel profile, including the related department’s personnel expenditure and headcount.

National Treasury’s *Guidelines for the Costing and Budgeting for Compensation of Employees: For the Preparation of Expenditure Estimates for the 2018 Medium Term Expenditure Framework (MTEF)* must be used when costing the compensation of employees. All National Treasury guidelines can be found at: http://www.treasury.gov.za/publications/guidelines/.

2.7 **Cost pressures report** provides an explanation of pressures arising in the budget as a result of changed economic or social conditions that are not within the control of the department, but which have impacted on the demand for services and/or the cost of supplying them. These pressures may include those that are inflationary, and those that arise from foreign exchange rate fluctuations or other fluctuations. Where possible these pressures should be costed, and include an analysis of how the pressure arose. This section should not include changes to policy or other matters within the control of government. To the extent that these pressures have been addressed in the reallocation report, this section should make reference to those cost pressures and quantify the details.

2.8 **Public entities and institutions report** gives a summary of the financial status and policy imperatives in respect of the public entities and other institutions receiving transfers from the department.

Schedules 2, 3A and 3B public entities, trading entities, government components and constitutional institutions are required to submit an initial budget outlook statement to the national department to whose vote they have been designated. The budget outlook statement should include the current status of major public entities receiving transfers from the department, including underlying cost assumptions, performance indicators, prevailing issues and their expenditure trends. This information is to be considered/ included in the budget submission of the relevant vote to the National Treasury.
3 PRIMARY SUBMISSION: DATA SUBMISSION

3.1 Information contained in the department’s budget explanatory narrative report in section 2 above, must be supported by relevant data workbooks. These workbooks must contain data in respect of the main requirements of a budget submission. The following are the three workbooks:

1) a 2018 MTEC submission workbook,
2) a 2018 Human Resource Budget Plan workbook, and
3) a 2018 Data and Costing workbook.

When working with the workbooks, note that:

- Departments must submit the three 2018 MTEC submission workbooks by 14 July 2017.
- No additional resources are available in aggregate for allocation in the 2018 MTEF; this budget cycle will focus on expenditure control within the existing budget limits.
- For estimation purposes, the 2020/21 baseline has been calculated. Non-recurrent allocations have been excluded from the 2020/21 baseline.

In budgeting for non-personnel expenditure items within the department’s expenditure ceiling, the following projections can be utilised to inform the provisions that departments choose to make for general price increases over the 2018 MTEF period:

Costing Assumptions

(a) Consumer Price Index
   - 2018/19 financial year: 5.7 per cent
   - 2019/20 financial year: 5.6 per cent
   - 2020/21 financial year: 5.5 per cent

(b) Exchange rate – Rand/US$
   - 2018/19 financial year: R14.41/US$
   - 2019/20 financial year: R14.70/US$

(c) Economic growth rate
   - 2018/19 financial year: 1.8 per cent
   - 2019/20 financial year: 2.1 per cent
   - 2020/21 financial year: 2.3 per cent

(d) Total population size
   - 2018/19 financial year: 57 387 892
   - 2019/20 financial year: 58 159 487
   - 2020/21 financial year: 58 913 630

Departments must apply their discretion when using the assumptions. If the outcomes are different from the forecasted estimates, departments will need to absorb any resultant differences within their budget baselines. It is also expected that budgets for non-essential goods and services items, such as travel and accommodation grow below inflation.
Details of each workbook is as follows:

1) **2018 MTEC submission workbook** is accessible on National Treasury website: [http://www.treasury.gov.za/publications/guidelines/templates/2018/](http://www.treasury.gov.za/publications/guidelines/templates/2018/). It summarises the department’s strategic proposals for budget reallocations, including key budget areas. This workbook is compulsory with the following main data sheets:

- **Main adjustment proposal**: No departmental input is required on this sheet as data is drawn from the proposals completed on other sheets. Pre-selected key deliverables/cost drivers are highlighted. The impact of proposed strategic budget reallocations on the departmental baseline, by programme and main economic classification, are also shown.

- **Proposal capture sheet**: must be used to capture up to 6 strategic proposals for reallocation:
  
  o Step 1: List strategic proposals, and complete the impact of these reallocations on performance indicators and note the motivation,

  o Step 2: Complete the details regarding the source of funds and use thereof, for each strategic reallocation proposal,

  o Step 3: Complete the impact of reallocations on infrastructure projects,

  o Step 4: Complete the impact of reallocations on personnel numbers, economic classification and by key deliverable / cost driver, if applicable

- **Costing of proposals**:
  
  o Complete detailed data in this sheet to record the costing information related to proposals *(optional)*.

2) **Human Resource Budget Plan workbook** provides data on how the department manages its personnel expenditure and headcount. Completion of this workbook is compulsory. The personnel information provided in the 2017 ENE, by programme and salary level, must be updated for the 2018 MTEF years. Any variance with the set compensation of employees expenditure ceiling, will be highlighted.

   The guidelines as referred to in section 2.6 above must be used when costing the compensation of employees.

3) **Data and costing workbook** departments must use the standardised sheets provided in the workbook to record at a minimum the aggregate annual totals for each costing / cost pressure element (each element is on a separate sheet, thus it is compulsory for at least the aggregate total row to be completed in each sheet). For the detailed cost information, there is an option of completing the other rows for the economic classification breakdown in each sheet provided, or of submitting supporting costing documents in whatever format the department prefers.
4 SUPPLEMENTARY SUBMISSIONS

4.1 Large Strategic Infrastructure Projects

As directed by Cabinet, National Treasury is working with the Presidential Infrastructure Coordinating Commission secretariat (PICC), the Departments of Planning, Monitoring and Evaluation (DPME) and Economic Development (EDD) to establish a budget facility for infrastructure. This establishes specialised structures, procedures and criteria for committing fiscal resources to public infrastructure spending. A separate infrastructure budget analysis process is to be followed for the 2018 MTEF.

A separate new Guideline for the Preparation of Budget Submissions for Large Strategic Infrastructure Projects must be adhered to by a department in preparing the large infrastructure proposals. All National Treasury guidelines can be found at: http://www.treasury.gov.za/publications/guidelines/. Departments must comply with this guideline and its requirements. The closing date for submission of large infrastructure proposals is 31 August 2017.

Smaller projects which do not meet the above mentioned criteria should form part of the department’s budget submission in terms of the 2018 MTEF technical guidelines. For these projects, the Capital Planning Guidelines should be consulted. All National Treasury guidelines can be found at: http://www.treasury.gov.za/publications/guidelines/.

A submission for the smaller projects is due by 14 July 2017.

4.2 General Budget Support from development cooperation partners

Funding of R600 million is available for the 2018 MTEF period under the General Budget Support (GBS) component of the EU-funded National Development Policy Support Programme. Only proposals from national departments in support of the identified national priorities and compliant with the appropriate use of official development assistance (ODA) policies will be considered.

A separate Guideline for General Budget Support Funding must be consulted and a Business Plan for GBS Funding template must be completed. This guideline and the template are available on the National Treasury’s website: http://www.treasury.gov.za/publications/other/BudgetSupportManuals/.

Proposals must be submitted to National Treasury by 14 July 2017.
4.3 Public Entity submissions

Public entities are not required to provide the National Treasury with a separate 2018 MTEC budget submission in July 2017. On 27 October 2017, following the tabling of the Medium Term Budget Policy Statement (MTBPS), entities will be issued with a Budget Planning Baseline Tool which will be made available on the website: http://www.treasury.gov.za/publications/guidelines/templates/2018/. Entities will be required to submit their board approved budgets to National Treasury, using this tool, by 5 December 2017.

4.4 Budget Programme Structure change proposals

Where a department is considering making revisions to programme structures and activity descriptions, these budget structure changes should be discussed with the relevant Treasury budget analyst before submitting a formal request for approval of the change. The Budget Programmes Structure Guidelines must be consulted. All National Treasury guidelines can be found at: http://www.treasury.gov.za/publications/guidelines/.

Formal requests for budget programme structure changes must be submitted to the National Treasury by 19 June 2017, together with an update to the 2017 ENE database.

On approval of the budget structure change, the National Treasury will provide the department with an updated and customised 2018 MTEC data submission workbook to complete. The new workbook template will be in the format of the newly approved programme structure, in line with the updated ENE database submitted with the application.

The department must then return the completed 2018 MTEC data submission workbook by 14 July 2017.
## 2018 MTEF BUDGET PROCESS

### 5.1 Critical 2018 MTEF National Budget Process dates

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTEF technical guidelines and 2018 MTEC submission workbooks issued to departments</td>
<td>June 2017</td>
</tr>
<tr>
<td>Information sessions with departments on MTEF technical guidelines and database</td>
<td>June 2017</td>
</tr>
<tr>
<td>Departments submit proposals for budget programme structure revision</td>
<td>19 June 2017</td>
</tr>
<tr>
<td>Budget submission from departments</td>
<td>14 July 2017</td>
</tr>
<tr>
<td>Large infrastructure proposals submission from departments</td>
<td>31 August 2017</td>
</tr>
<tr>
<td>MINCOMBUD Technical Committee process concludes: Recommendations tabled to MINCOMBUD</td>
<td>September 2017</td>
</tr>
<tr>
<td>ENE technical guidelines and database distributed to departments</td>
<td>October 2017</td>
</tr>
<tr>
<td>Tabling of Medium Term Budget Policy Statement</td>
<td>25 October 2017</td>
</tr>
<tr>
<td>Preliminary allocation letters issued to departments</td>
<td>27 October 2017</td>
</tr>
<tr>
<td>Budget Planning Baseline tool issued to entities</td>
<td>27 October 2017</td>
</tr>
<tr>
<td>Submission of 2018 ENE database by departments</td>
<td>10 November 2017</td>
</tr>
<tr>
<td>Submission of draft 2018 ENE chapter by departments</td>
<td>14 November 2017</td>
</tr>
<tr>
<td>Cabinet approved final allocations distributed to departments</td>
<td>1 December 2017</td>
</tr>
<tr>
<td>Entities submit board approved budget to National Treasury</td>
<td>5 December 2017</td>
</tr>
<tr>
<td>Budget tabled in Parliament</td>
<td>February 2018</td>
</tr>
</tbody>
</table>
## ANNEXURE A: RESOURCE ALLOCATION PROCESS STEPS

<table>
<thead>
<tr>
<th>MONTH</th>
<th>TASK</th>
<th>ROLE-PLAYERS</th>
<th>FORUM/S</th>
<th>OUTPUTS REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>April – May</td>
<td>Planning the 2018 budget process</td>
<td>MINCOMBUD Technical Committee (MTEC)</td>
<td>Technical budget lekgotla</td>
<td>2018 MTEF technical guidelines</td>
</tr>
<tr>
<td>May – Early June</td>
<td>Adoption of 2018 Budget strategy</td>
<td>MINCOMBUD Cabinet</td>
<td>Forum of South African Director Generals (FOSAD)</td>
<td>Publication of 2018 MTEF technical guidelines</td>
</tr>
<tr>
<td>June – July</td>
<td>Compilation of budget submissions by departments and entities</td>
<td>Departments Entitles National Treasury Department of Public Service and Administration (DPSA) Department of Planning, Monitoring and Evaluation (DPME) Department of Cooperative Governance (DCoG)</td>
<td>Bilateral and technical group interactions ²</td>
<td>Written and data budget submissions to function groups</td>
</tr>
</tbody>
</table>

² Technical group meetings are held, in which relevant departments, public entities and provincial structures participate. Technical groups, and the function groups that they are housed within, are aligned with particular outcomes specified in the MTSF. The technical group considers submissions by institutions and discusses the reallocation of resources within the group as a whole (including constitutional institutions).
<table>
<thead>
<tr>
<th>MONTH</th>
<th>TASK</th>
<th>ROLE-PLAYERS</th>
<th>FORUM/S</th>
<th>OUTPUTS REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>End July – September</td>
<td>Formulation of recommendations to technical and political committees</td>
<td>Departments</td>
<td>Function group interactions ³ 10x10 meeting/s ⁴ MTEC hearings TCF meeting/s FOSAD</td>
<td>Recommendations to political committees on information to be tabled in MTBPS, need to include: • fiscal framework • key national government spending priorities • division of revenue • substantial adjustments to conditional grants</td>
</tr>
<tr>
<td>End September – October</td>
<td>Formulation of recommendations to Cabinet</td>
<td>MINCOMBUD</td>
<td>MINCOMBUD meeting/s Cabinet meeting/s</td>
<td>Approval of recommendations to be tabled in MTBPS</td>
</tr>
<tr>
<td>End October</td>
<td>Tabling of 2017 MTBPS</td>
<td>Minister of Finance Parliament</td>
<td></td>
<td>MTBPS publication including: • fiscal framework • key national government spending priorities • division of revenue • substantial adjustments to conditional grants</td>
</tr>
<tr>
<td>End October – November</td>
<td>Draft allocation letters Finalisation of details of National government allocations to be included in 2018 Budget</td>
<td>Function groups MTEC MINCOMBUD Cabinet</td>
<td>MTEC hearings FOSAD MINCOMBUD meeting/s Cabinet meetings</td>
<td>Final national government allocation letters</td>
</tr>
</tbody>
</table>

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³ Function group hearings are DG’s hearings on budget policy or other meetings involving senior officials from relevant institutions and experts from the relevant field. In this setting, several technical groups may be brought together to consider submissions by institutions and discuss the allocation of resources across the function as a whole. Function groups may also be called to present at MINCOMBUD technical meeting hearings.

⁴ In function areas with a large degree of concurrent powers, a 10x10 meeting, comprised of the heads of the nine provincial departments and one national lead department in the function together with their finance counterparts, may be convened as a substitute or complement for the work of the function group.
## Function and Technical Groups

<table>
<thead>
<tr>
<th>MONTH</th>
<th>TASK</th>
<th>ROLE-PLAYERS</th>
<th>FORUM/S</th>
<th>OUTPUTS REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>December – February</td>
<td>Finalisation of recommendations to be tabled in 2018 Budget Drafting of budget documentation</td>
<td>MTEC MINCOMBUD Cabinet National departments and public entities</td>
<td>MTEC hearings FOSAD MINCOMBUD meeting/s Cabinet meetings</td>
<td>Budget review publication Appropriation bill Division of revenue bill Estimates of national expenditure publications People’s guide to the budget Tax proposals</td>
</tr>
<tr>
<td>February</td>
<td>Tabling of budget</td>
<td>Minister of Finance Parliament</td>
<td></td>
<td>Budget tabled</td>
</tr>
<tr>
<td>March – July</td>
<td>Adoption of budget expenditure legislation</td>
<td>National Assembly National Council of Provinces</td>
<td>Hearings Debates Adoption of bills</td>
<td>Budget adopted</td>
</tr>
</tbody>
</table>
ANNEXURE B: BUDGET PROCESS TECHNICAL AND POLITICAL STRUCTURES

TECHNICAL STRUCTURES

1. The senior technical structures of the MTEF budget process are the Minister’s Committee on the Budget Technical Committee (MTEC) and the Technical Committee on Finance (TCF):
   - MINCOMBUD Technical Committee (MTEC) is a committee of senior officials from National Treasury (NT), Department of Planning, Monitoring and Evaluation (DPME), Department of Cooperative Governance (DCoG) and Department of Public Service and Administration (DPSA) that makes recommendations to Ministers’ Committee on the Budget (MINCOMBUD) regarding budget allocations in the medium term expenditure framework, taking into account government priorities, funding available, alternative funding sources and the division of revenue amongst the three spheres of government.
   - TCF is a committee of the heads of all provincial treasuries and is chaired by the Deputy Director-General (DDG) of the Intergovernmental Relations division of the National Treasury. The TCF considers intergovernmental finances and the Division of Revenue and makes recommendations to the Budget Council, Budget Forum and MTEC.

2. The process of generating final recommendations to the MTEC includes the following elements:
   - National Treasury appoints a coordinator for each technical group, who will be responsible for engaging with budget departments and preparing reports to the MTEC for each technical group.
   - Budget bilaterals are convened between National Treasury and senior finance and programme officials in each department.
   - Technical group meetings are held, in which relevant departments, public entities and provincial structures participate. Technical groups, and the function groups within which they are housed, are both aligned with particular outcomes specified in the MTSF. The technical group considers submissions by departments and discusses the reallocation of resources within the group as a whole. Financial analysis discussions are also held with selected entities.
   - In function areas with a large degree of concurrent powers, a function 10x10, composed of heads of department of the nine provincial and the national lead department in the function, together with their finance counterparts, will be convened as a substitute or complement for the work of the technical group. Where resource allocation decisions are recommended that alter the division of revenue across the three spheres of government, a function 10x10 will be required.
   - Performance dialogues, convened by the DPME together with the departmental, technical group or functional stakeholders may be held.
• MTEC may also convene function group hearings, DG’s budget forums on budget policy or other meetings involving senior officials from relevant departments and experts in the relevant field. In this setting, several technical groups may be brought together to consider submissions by departments and discuss the allocation of resources across the function as a whole.

3. Technical group coordinators will prepare a final report on the budget proposals recommended as an outcome of the process. These reports will be presented to MTEC, which will make final recommendations to MINCOMBUD and then to Cabinet.

POLITICAL STRUCTURES

The Ministers’ Committee on the Budget

4. MINCOMBUD has been constituted as a Committee of Cabinet, chaired by the Minister of Finance. Its members have been appointed by the President on recommendation from the Minister of Finance. MINCOMBUD may invite other members of Cabinet or senior officials to attend and/or present on issues of relevance to its mandate. In addition to political office bearers, MINCOMBUD meetings are attended by the Directors-General of National Treasury, the Presidency, and the Departments of Planning, Monitoring and Evaluation and Cooperative Governance. Senior officials of National Treasury attend as determined by the Director General: National Treasury. The Director-General: National Treasury ensures that the National Treasury provides administrative services for the proper functioning of MINCOMBUD.

5. The functions of MINCOMBUD are to:
   • Consider and advise Cabinet on budget allocations to be included in the national budget, MTEF and the division of revenue framework.
   • Consider matters related to the determination of expenditure allocations, including the economic assumptions underpinning the budget, fiscal policy objectives and tax proposals.
   • Recommend, in terms of section 30(2)(b) of the PFMA, items of unforeseeable and unavoidable expenditure to be included by the Minister of Finance in the national adjustments budget. When performing this function, the President and the Deputy President chair MINCOMBUD, and constitute the “(MINCOMBUD)/Treasury Committee”.

Budget Council and Budget Forum

6. The Intergovernmental Fiscal Relations Act (97 of 1997) establishes a Budget Council consisting of the Minister of Finance and the Members of the Executive Council of Finance (MEC for Finance) of each province. The Chairperson of the Financial and Fiscal Commission may also attend the Budget Council. The Minister of Finance is the chairperson of the Budget Council.

7. The Act defines the Budget Council as a body in which the national government and the provincial governments consult on any fiscal, budgetary or financial matter affecting the provincial sphere of government.
8. The Intergovernmental Fiscal Relations Act (97 of 1997) establishes a Local Government Budget Forum comprising of the Minister of Finance (who is the chairperson), the MEC for Finance of each province and five representatives of the South African Local Government Association (SALGA) at national level, as well as one representative of SALGA from each province. The Act defines the Budget Forum as a body in which the national government, the provincial governments and organised local government consult on any fiscal, budgetary or financial matter affecting the local sphere of government.

Joint MINMECs

9. From time to time, the Minister of Finance in consultation with the Cabinet member responsible for another portfolio may convene a Joint MINMEC to consider sector budget issues and make recommendations to MINCOMBUD. A Joint MINMEC is comprised of the Minister of Finance, Members of the Executive Council of Finance from nine provinces and their counterparts at the national and provincial level from the relevant sector department.
### ANNEXURE C: FUNCTION GROUPS

<table>
<thead>
<tr>
<th>FUNCTION GROUP</th>
<th>TECHNICAL GROUP (FUNCTION SUB-GROUP)</th>
<th>KEY DEPARTMENTS AND OTHER INSTITUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Learning and culture</td>
<td>Basic education</td>
<td>Basic Education, Provincial Education departments</td>
</tr>
<tr>
<td></td>
<td>Arts, culture, sport and recreation</td>
<td>Sports and Recreation, Arts and Culture, Provincial and Local Arts, Culture, Sport and Recreation</td>
</tr>
<tr>
<td>2. Health</td>
<td>Health</td>
<td>Health, Provincial Health departments, National Health Laboratory Service, Military Health Services</td>
</tr>
<tr>
<td></td>
<td>Social security funds</td>
<td>Road Accident Fund, Unemployment Insurance Fund, Compensation Fund</td>
</tr>
<tr>
<td></td>
<td>Agriculture and rural development</td>
<td>Agriculture Forestry and Fisheries, Rural Development and Land Reform</td>
</tr>
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<td>Job creation and labour affairs</td>
<td>Labour, Public Works, Expanded Public Works Programmes, Cooperative Governance</td>
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<td>Economic regulation and infrastructure</td>
<td>Energy, Transport, Environmental Affairs, Telecommunications, Water and Sanitation, Provincial and Local Governments</td>
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<td>6. Peace and security</td>
<td>Defence and state security</td>
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<td>Police services</td>
<td>Police, Independent Police Investigative Directorate, Civilian Secretariat for Police</td>
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<td>7. General public services</td>
<td>Executive and legislative organs</td>
<td>Presidency, Communications, Women, Parliament, Provincial Legislatures, Planning, Monitoring and Evaluation</td>
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<td>Public administration and fiscal affairs</td>
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