



2024 MTEF

MEDIUM TERM EXPENDITURE FRAMEWORK

Technical Guidelines for Provinces



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA





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GUIDELINES FOR THE PREPARATION OF
EXPENDITURE ESTIMATES FOR THE
2024 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

June 2023

This document is available at:
www.treasury.gov.za/publications/guidelines

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1. INTRODUCTION

Purpose of the guidelines

- 1.1. Section 27(3) of the Public Finance Management Act (PFMA), Act No-1 of 1999 states that an annual budget must be in accordance with a format prescribed by the National Treasury. The Medium-Term Expenditure Framework (MTEF) Technical Guidelines 2024 for Provinces are issued to make such prescriptions and provide government departments, as well as provincial public entities, with guidance on how to prepare their medium-term estimates for the 2024 Budget.
- 1.2. The guidelines provide an outline of the economic environment under which this MTEF is formulated. They also give a summary of the fiscal strategy for the 2024 MTEF and guidance on the data required to inform budget deliberations. The outcomes from provincial deliberations will be recommended to the provincial MTECs and ultimately to Provincial Executive Councils, Makgotlas and Premier's Budget Committees.

Economic Outlook

- 1.3. The 2023 economic outlook has worsened, fiscal revenues are weaker than expected, and the financing of the government borrowing requirement is under renewed pressure. Several key factors are contributing to ongoing uncertainty and volatility. The country continues to grapple with a high unemployment rate, slow economic growth, and persistent structural challenges, including inefficiency in key sectors such as energy and transportation. Moreover, persistent power cuts, deteriorating rail and port infrastructure, have contributed to a weaker domestic outlook.

The state wage bill and the weak financial position of State-Owned Companies (SOCs) continue to pose a risk to the fiscus. Added to that are the risks posed by global events and natural disasters.

Overall, the macro-fiscal outlook is primarily affected by supply-side constraints. Data suggests that the long-run potential growth of the economy and debt dynamics are not positively affected by the fiscal impulse. Second-round effects of higher government deficits and borrowing are counteracting any stimulatory effects.

In this context, fiscal policy has strongly protected the social wage and provided tax relief to the lowest income earners. Higher-than-expected revenues have been split between reducing the debt burden and providing support to key service delivery areas; capital budgets have received a boost; and previously announced tax increases have been withdrawn. However, countervailing forces such as a lack of sufficient electricity, poor logistical capacity and global – including geo-political – factors continue to dominate the present environment. In this regard, the most appropriate policy response should aim to reduce risks associated with government's elevated debt burden and poor fiscal multipliers.

Fiscal strategy

- 1.4. Over the medium-term, the fiscal strategy aims to achieve fiscal sustainability by reducing the budget deficit and stabilising the debt to GDP ratio. On-budget allocations for infrastructure and other policy priorities and maintaining a sustainable fiscal stance will support economic growth.
- 1.5. Further details on any adjustments or additions to the strategy will be deliberated within government and released in the 2023 MTBPS. In the meantime, the materialisation of large risks requires a policy response.
- 1.6. The 2023 wage agreement results in a shortfall of R37.5 billion of which R25.7 billion relates to provinces in 2023/24. This shortfall and the carry through effects over the MTEF are to be funded within the existing baseline. Measures to be implemented include but not limited to restricting recruitment of non-critical posts through PERSAL restriction, reprioritisation of spending, and rationalisation of public entities. Further details around the implementation of these measures will be communicated to Provincial Treasuries.
- 1.7. Growing debt against a stagnating economy limits government ability to raise debt. Tax instruments also inflict a higher economic loss in a depressed economy. Thus, the debt stabilisation strategy requires a reduction in expenditure over the medium term. The automatic accommodation of the wage bill agreement has created a shortfall that must be accommodated starting 2023/24.

2. BUDGETING FRAMEWORK

2.1 Medium Term Expenditure Framework

- 2.1.1. In the year 2000, South Africa introduced the Medium-Term Expenditure Framework in order to facilitate a more effective medium-term planning.
- 2.1.2. In recent times, poor economic growth, Eskom debt relief, power cuts and the wage bill have exerted further constraints on the budget. The fiscus remains committed to returning its finances to a stable trajectory, while responding to the needs of the citizens of South Africa.
- 2.1.3. Since 2020, National Treasury introduced spending reviews to provide an evidence based analytical budget allocation methodology to replace incrementalism. The methodology raises questions about the efficiency and cost-effectiveness of government expenditure and enables government to make better decisions about resource allocation.

2.2 Spending reviews and other methods of reviewing budget baselines

- 2.2.1 Fiscal consolidation has necessitated the need to review all baseline allocations in a different manner from what we have done over the past decade. Over the years some programmes have become obsolete and duplicated across sectors, and therefore need to be reviewed for relevance and effectiveness. Other programmes need repurposing given changes brought

about by technology. It is for these reasons that spending reviews have been initiated to implement an evidence-based analytical budgeting system.

- 2.2.2 The spending reviews methodology allows officials to probe expenditure trends in greater detail in order to understand the articulation between policy goals and budget needs from a unique perspective. The methodology may provide insight into policy and programme logic and the institutional implementation framework, which is then combined with readily available expenditure data from government accounting systems (e.g., BAS, PERSAL, LOGIS). In the case of public institutions, the data from the individual accounting systems will be utilised in a series of systematic steps, expenditure is analysed, unit costs estimated, and cost drivers analysed. These expenditure analyses inform cost models that anticipate different spending scenarios and articulate the impact on service delivery of such scenarios.
- 2.2.3 The primary purpose of the spending reviews is to re-examine expenditure baselines to identify efficiency gains and savings. This will not only free up additional resources for priorities but will allow for a more efficient allocation of resources and to measure whether the programmes are still relevant and responsive to the current economic landscape. Therefore, each spending review:
- Is expected to cover a significant proportion of the department's budgets such that the resultant efficiency gains have a material impact on the department's overall baseline.
 - Should incorporate the efficiency gains identified through the spending reviews into the department's budget submissions (where applicable).
- 2.2.4 The outcomes of previous spending reviews must inform the first draft budget submissions for 2024 MTEF, which should demonstrate how provincial departments intend to implement the recommendations from these reviews by including the identified results and efficiency gains in the budget proposals submitted to Provincial Treasuries.
- 2.2.5 The spending reviews led by Provincial Treasuries should inform the budget discussions during the provincial budget process. The findings of these reviews should be included in the budget submissions, incorporating the results documented in the departmental proposals.
- 2.2.6 Furthermore, Provincial Treasuries together with provincial departments are encouraged to conduct new spending reviews in areas where potential efficiency improvements and savings can be identified. These reviews will build upon the recommendations from previous spending reviews, reflecting the findings and suggestions for improvement.
- 2.2.7 Additionally, provincial departments are also expected to do a detailed baseline analysis for the programmes that will not be included in the spending reviews.

3. PRINCIPLES FOR THE 2024 MTEF

This budget is formulated within a very tight fiscal environment and the following policy guidance should be taken into consideration when preparing the budget submission:

- 3.1. Fiscal consolidation measures will continue to be implemented over the 2024 MTEF. No additional resources will be added onto the expenditure ceiling tabled in the 2023 Budget.

- 3.2. Downward adjustments will be implemented on existing baselines to accommodate the funding shortfall. Any spending pressures must first be funded from current baselines and programmes that have not delivered their expected outcomes.
- 3.3. Provincial departments are required to identify substantial savings within the baselines tabled in the 2023 Budget.
- 3.4. Budget submissions must reflect these changes to baselines accordingly. The Provincial Treasuries are requested to lead a collaborative process with the provincial departments and entities to identify areas of baseline reductions. National Treasury will effect downward adjustments in the budget database that will be sent to provinces.
- 3.5. Moreover, any funding pressure to a programme will need to be funded through reductions in another programme or through reprioritisation, either within the department's or public entity's budget, or from other departments' or public entities' budgets.
- 3.6. A detailed seven-year period budget baseline analysis and/or spending reviews outcomes must inform strategic reallocations.
- 3.7. Public entities should adhere to the provincial fiscal framework. Salary adjustments must therefore be guided by the public service wage bill management strategy. Provincial entities should consider the implications of their remuneration adjustments on future budgets.

4. BUDGET SUBMISSION

- 4.1. The first draft Budget submissions must be made to the National Treasury by **21 July 2023**.
- 4.2. The primary budget submission of a provincial department to the Provincial Treasury must be submitted by the Accounting Officer and accompanied by a signed covering letter confirming that the submission is the expression of the department's strategic direction with regards to any budget baseline changes that have resulted from budget deliberations of its executive management.
- 4.3. A comprehensive submission, covering all the expenditure proposed for appropriation for a vote, including transfers to public entities/ and municipalities, is required.
- 4.4. In cases where a department makes a transfer to or plays an oversight role over provincial entities, the submissions of these entities should be prepared under the guidance of the accounting officer of the provincial department, in collaboration with all entities that report to that executive authority. Where applicable an endorsement letter from the accounting officer of the executive department must be submitted.

5. COMPONENTS OF THE SUBMISSION

For each provincial government department, and provincial public entity, the budget submission consists of the following requirements:

5.1 Narrative report

A narrative report explains the context for the budget, provides costing of mandates and policies, indicates where expenditure reductions can be implemented and the impact of this on service delivery indicators. The report should provide the department's rationale for expenditure recommendations over the medium term. The report must be clear as it is aimed at helping decision makers reach conclusions on the basis of evidence and the evaluation of performance. Provincial Treasuries need to consolidate these narratives and submit them with the 2024 MTEF database to the National Treasury by **21 July 2023**.

It must be a comprehensive report that includes the following elements:

- Provincial departments need to explain the alignment of their budgets and identify key policy priorities that inform resource allocation.
- A detailed budget baseline analysis and/or spending reviews efficiency gains which: must provide an explanation of the rate of efficiency realisation that informed the budget impact contained in the excel database; and identify the action plans, and the associated timelines that must be implemented to ensure that these efficiency gains are indeed realised.
- Composition of spending: discuss trends, issues, challenges and where feasible, potential savings per programme and economic classification over the seven-year period, i.e., 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. This must also include an explanation of baseline increases and decreases of proposals to reallocate spending between programmes or economic classifications.
- Strategic reallocations: must provide an explanation of the proposals to reallocate spending between programmes or economic classifications with a view of addressing cost pressures or better aligning resources with identified priorities and interventions as outlined in the 2024 Budget Prioritisation Framework (BPF). The budget implications must be quantified, and a rationale must be provided for the source funding.

Human resources

- Provincial departments and entities are encouraged to continue with the current measures on personnel management, given the current fiscal climate. Moreover, it should be noted that there is currently a two-year wage agreement (Resolution 2 of 2023) which emanated from the 2023 wage negotiations process in the Public Service Coordinating Bargaining Council (PSCBC). The personnel management strategies should consider these assumptions and unit cost implications underlying the 2023 Wage Agreement (i.e., Resolution 2 of 2023) for the purposes of credible cost estimates over the 2024 MTEF.
- Currently, Budget 2023 does not make provision for the cost of the 2023/24 financial year of the 2023 Wage Agreement. Consequently, the implementation of this unbudgeted salary adjustment in 2023/24 will require significant trade-offs in government spending. A Joint Technical Task Team has since been formed with officials from National Treasury, DPSA and the Presidency to explore both short and medium to long-term measures to

fund the 2023 Wage Agreement as well as implementation of other outstanding reforms. The progress on the implementation of the proposed measures, as well as the medium to long-term financial implications of introducing these measures will be presented to Cabinet and announced during the 2024 Medium-Term Budget Policy Statement (MTBPS). These measures will be shared with the Provincial Treasuries.

- National Treasury's Guidelines for the Costing and Budgeting for Compensation of Employees will outline the requirements for human resource detailed assessments and must be used for the preparation of provincial expenditure estimates for the 2024 MTEF when costing compensation of employees. All National Treasury guidelines can be found at: <http://www.treasury.gov.za/publications/guidelines/>.

Provincial public entities

- Provincial public entities are required to:
 - adhere to the principles of 2024 MTEF as articulated in section 3 above.
 - provide narration of functions performed by the entity, financial commitments, and the human resource plan. They must give a summary of the financial status and policy imperatives in respect of the public entities receiving transfers from the department.
 - demonstrate how they will address any cost pressures within existing baselines, given that there are no additional funds available for allocation.
 - this information regarding the public entities should be considered by provincial departments in preparation of their inclusive budget submission to the Provincial Treasury.

5.2 Excel databases for data submissions and costing assumptions

Information contained in the department's budget explanatory narrative report in the section above, must be supported by relevant **National Treasury 2024 MTEF databases** including **any other relevant workbooks** that might be issued to provinces.

When working with the **2024 MTEF databases**, note that:

- The 2024 Medium-Term Expenditure Framework will require a baseline reduction. Provincial departments and public entities must conduct baseline assessments to achieve efficiency gains that can be used to fund key government priorities.
- The outcomes of the efficiency gains identified through the spending reviews must be included in the department's MTEF databases. This must be done at the lowest economic classification level (SCOA item level 4) to allow for analysis.
- In budgeting for non-personnel expenditure items within the department's expenditure ceiling, the following Consumer Price (CPI) projections can be utilised to inform the provisions that departments choose to make for general price increases over the 2024 MTEF period.

Costing assumptions

- 2024/25 financial year: 4.8 per cent
- 2025/26 financial year: 4.7 per cent
- 2026/27 financial year: 4.6 per cent

Provincial departments and their respective public entities must apply their discretion when using these assumptions, taking into consideration circumstances that may be unique to them. If the outcomes are different from the forecasted estimates, provincial departments and entities will need to absorb any resultant differences within their budget baselines. Discretion cannot be applied to compensation of employees as it is subject to a separate process.

6. PROVINCIAL SUBMISSIONS

6.1 2024 MTEF databases

The data submission consists of the departmental and public entities databases that provide data to support the information contained in the budget explanatory narrative submission. First draft budget submissions must be received by the National Treasury by **21 July 2023**. These data submissions inform budget engagements at functional and sub-functional group meetings.

6.2 Estimates of Provincial Revenue and Expenditure (EPRE) chapters

The information contained in these chapters must provide stakeholders with sufficient detail of what departments and public entities intend to achieve in the coming MTEF period. The EPRE chapters must be submitted together with the 2nd draft budget submission on **17 November 2023**.

6.3 Conditional grants business plans

- Conditional grants for the year ahead require that the business plans be submitted two weeks after the Division of Revenue Bill has been enacted. Business plans seek to promote sufficient planning at provincial level before the eventual execution that requires funding. Planning should focus on how their envisioned activities for the year, using conditional grant allocations, allow them to appropriately apportion funds to achieve the government's priority that each grant seeks to address.
- Although business plans are submitted yearly, they technically form part of a much longer planning horizon, particularly where infrastructure is concerned. As such the business plan for the year shows the activities that will be carried out for a year, and how the activities link with outputs, and in the long run address the priorities under which the grant was created. It is important to ensure that the dates, activities that will take place, the outputs expected from the activities, and when they are expected, are spelt out. This is especially

important for activities that are sequential and are required before other activities can be carried out.

- Based on an activities and output execution plan, the projected cash flow, matching the dates of the activities, will need to be provided. Activities, outputs, and cash flow projections are necessary but not the only inputs into business plans. Business plans should also demonstrate how activities will allow the achievement of all outputs, which should eventually be linked to the outcomes of the grants. Risks to the projected activities and their mitigation strategies should also be spelt out. Business plan templates provided by the national departments responsible for monitoring the grants should be a guiding principle when drafting plans.

6.4 Infrastructure

- Infrastructure projects and programmes must be undertaken following the Infrastructure Delivery Management System (IDMS) supported by the Framework of Infrastructure Delivery and Procurement Management (FIDPM). Infrastructure (User) Asset Management Plan (IMAP/U-MAP) must be prepared and updated annually outlining the asset activities and resources required, to provide a defined level of service, in the most cost-effective way. The plan must include a list of programmes and projects for a minimum period of five years. The IAMP/UAMP must inform the development of the Infrastructure Programme Management Plan (IPMP) and Infrastructure Procurement Strategy (IPS) which specifies what the department intends to achieve in the next 3 years of implementation of projects/programmes. This will ensure that all programmes implemented over the MTEF period are aligned with broader strategic objectives of government.
- The infrastructure investments in the IPMP should inform the project list that must be tabled as part of EPRE (Table 5) which comprises of projects/programmes that are committed and have not been completed (all projects that have not reached handover/final completion) and additional projects/programmes to be implemented over the MTEF. The Infrastructure Reporting Model (IRM) is configured to allow the capturing of Table B5 information. Departments are required to capture project/programme information on the Table B5 report of the IRM and only capture the summary of the financials per nature of investment on the MTEF database. The departments will further be able to export the information from the IRM for EPRE publication.

6.5 Other submissions

Separate submissions in respect of the following elements will also be considered in the 2024 Budget process:

Large infrastructure projects

As directed by Cabinet, National Treasury is working with the Presidential Infrastructure Coordinating Council (PICC) Secretariat, the Development Bank of South Africa (DBSA), Infrastructure South Africa (ISA) and the Department of Planning, Monitoring and Evaluation

(DPME) in managing the operations of the Budget Facility for Infrastructure (BFI). This facility encompasses specialised structures, procedures and criteria for appraising and evaluating projects before committing fiscal resources to large public infrastructure spending items. The Guidelines for the Preparation of Budget Submissions for Large Strategic Infrastructure Projects for Window 7 was published on 26 May 2023 and the call for proposals is for the 2024 MTEF period. The closing date for the 2024 MTEF is on **14 July 2023**. The process of evaluating projects that will be recommended for the 2024 MTEF process for consideration, will commence in July 2023.

Proposals that do not meet the criteria for Large Infrastructure Projects are encouraged to follow the normal budgeting process using the Capital Planning Guidelines and the Infrastructure Planning and Appraisal Guidelines. All National Treasury guidelines can be found at: <http://www.treasury.gov.za/publications/guidelines/>.

Budget programme structure change proposals

Where a provincial department intends to deviate from the sector agreed Uniform Budget Programme Structure for 2024/25, such deviation should be preceded by a formal request to the National Treasury, via the relevant Provincial Treasury by **30 June 2023**. If the sector also wishes to amend Uniform Budget Programme Structures, all engagements and agreements with all relevant stakeholders must also be concluded by **30 June 2023**. Requests for deviations are considered eligible when it is informed by a policy formulation or change or if a function shift occurs, between two departments, that portrays a visible impact on the operations of the department.

6.6 Tabling date of provincial budgets

Section 27(2) of the PFMA, states that the MEC for Finance in a province must table the provincial annual budget for a financial year in the provincial legislature not later than two weeks after the tabling of the national annual budget, but the Minister may approve an extension of time for the tabling of a provincial budget.

The PFMA does not define “week” and refers to days, except in section 27(2). The two weeks in section 27(2) period must be determined by counting a full week, with the period starting on the first day of the week. The interpretation of section 27(2) is also in line with section 4 of the Interpretation Act that indicates that the period must be calculated exclusive of the first day and/or the last day if it falls on a Sunday or public holiday. In interpreting section 27(2) of the PFMA, it means that if national tabling is during the week, the period is to commence on Monday of the following week and not end on Sunday or public holiday. For example, if the Minister of Finance tables the 2024 Budget on 21 February 2024, then the two-week period will commence on 26 February 2024 and ends on 11 March 2024, and not on 10 March 2024 since it is on a Sunday.

6.7 Budget process and reforms

The MTEF details three-year rolling expenditure and revenue plans for provincial departments and public entities.

The MTEF budget process is designed to match the overall resource envelope, estimated through ‘top-down’ macro-economic and fiscal policy processes, with the bottom-up estimation of the current and medium-term cost of existing departmental plans and expenditure programmes.

The budget process ensures that resources are allocated to meet South Africa’s developmental needs and priorities, and to improve the quality and effectiveness of spending within sustainable fiscal limits.

Draft annual performance plans must be submitted to the Offices of the Premier on **13 October 2023** and National Treasury requires Provincial Treasuries to submit a second budget database submission and draft Estimates of Provincial Revenue and Expenditure (EPRE) documents on **17 November 2023**, in line with the issued preliminary Budget Process Calander for the 2023/24 financial year.

Provincial budget process

To enhance the integration of policy alignment, planning, budgeting and implementation, provincial MTECs should be used as one of the platforms that encourage joint planning between departments, municipalities and public entities. This will further promote the alignment of provincial budgets with strategic planning documents such as the provincial and local government economic development strategies, spatial development frameworks (SDFs), the National Development Plan (NDP), 2019-24 MTSF, Integrated Development Plans IDPs and the District Development Model approaches in support of inclusive growth and transformation.

Provincial MTEC committees should make recommendations to Premiers’ Budget Committees, Provincial Executive Councils tasked with taking final decisions on the budget proposals. Discussions at provincial MTECs should be led and chaired by Provincial Treasuries, which also assess the allocative efficiencies of provincial budgets, considering the current fiscal climate affecting the provincial fiscal framework. However, it is highly recommended that the MTEC committees in provinces also be inclusive of other stakeholders in provinces such as:

- *Head of Provincial Planning Unit*, who is part of the Offices of the Premier in most cases. This is to ensure that budget proposals presented by provincial departments align with the strategic direction of both the province and the national government. Departments will have to demonstrate the responsiveness of their budget to the policy and delivery context envisaged by the government.
- *Head of Provincial Spatial Planning Unit*. This should aim to ensure that departments’ plans and budgets transversally align to and support one another in a space and jointly with other spheres of government and that they target the predetermined spatial *locations* for maximum impact. Some of the spatial challenges that the country face, include the highly fragmented spatial development, dispersed developments, and socioeconomic fragmentation and polarisation, with the poorest communities often located far from economic and social opportunities. Therefore, the integration and alignment of planning and budgeting should seek to promote local economic development (LED) while improving the quality of life.

- *Senior officials from the Department of Cooperative Governance/Local Government* responsible for the assessment of municipal IDPs and implementation of the District Development Model (DDM). This should aim to promote a better coordinated approach to integrated planning between national, provincial and local government. Both provincial departments and municipalities should be encouraged to respond on the extent to which government priorities have been integrated into their various planning processes as well as policy and budget documents.
- Any other relevant officials from provincial departments responsible for transversal functions.

Provincial Benchmark Process

National Treasury's led provincial benchmark exercise has evolved since the 2002 MTEF. The main objectives of the Benchmark exercise are to assess the extent to which provincial MTEF draft budgets give effect to the agreed sector priorities. These deliberations also highlight possible risks in the budgets and propose measures to manage these risks.

The main objectives of the Benchmark Exercise meetings to be held from **4 to 8 December 2023** are to:

- Assess provincial MTEF draft budgets including the extent to which the province's budget gives effect to the agreed social sector priorities;
- Highlight possible risks in the budgets and propose measures to manage these risks;
- Give a critical view of the draft provincial budget as per the November submissions; and
- Highlight key issues and challenges from National Treasury's perspective and reach an agreement on key aspects affecting the provincial budget.

In addition to budget assessment, focus is on improving efficiencies:

- Impact of the implementation of personnel headcount and personnel expenditure control measures (including public entities);
- PFMA compliance – Irregular, fruitless and wasteful expenditure, and unauthorised expenditure;
- Management of accruals and how cash management strategies could be used to address accruals and payables not recognised; and
- Debt owed by provincial departments and the strategy to address it.

The focus is also on public entities finances, investments in provincial economies, infrastructure, and procurement reforms.

Critical dates for the provincial budget process are provided in the table below. Provincial departments and public entities follow the specific requirements of their own treasuries and provincial budget processes. These guidelines should thus be read together with the Provincial Budget Process Calendar and Guide for Provincial Budget Formats.

7. CRITICAL PROVINCIAL DATES

ITEM	DATE
Provincial 2024 MTEF technical guidelines issued	13 June 2023
National Treasury issues 2024 MTEF database (departments and public entities) to Provincial Treasuries	23 June 2023
Technical Committee on Finance Lekgotla	12-14 July 2023
Provincial treasuries submit first draft 2024 Budgets to National Treasury: Database and Narratives	21 July 2023
Technical Committee on Finance meetings	Occurs every two weeks
Budget Council and Budget Forum meetings	TBA
Tabling of Medium-Term Budget Policy Statement	October 2023
Preliminary allocation letters issued to provinces – equitable share allocations (2 days after MTBPS)	October 2023
Provincial treasuries submit 2nd draft 2024 Budgets to National Treasury: Database and Estimates of Provincial Revenue and Expenditure	17 November 2023
Final conditional grant frameworks submitted to National Treasury by national departments	01 December 2023
Provincial benchmark exercise for 2024 Budget	04 - 08 December 2023
Preliminary conditional grants allocation letters issued to provinces	December 2023
Final PES allocation letters issued to provinces (Mid-February, after Cabinet sitting)	February 2024
Provincial Budgets tabled at Provincial Legislatures	End February/ Early March 2024

8. CRITICAL NATIONAL DATES

ITEM	DATE
2024 MTEF guidelines issued	09 June 2023
2024 MTEC submission workbooks issued to departments	15 June 2023
Institutions submit requests for budget programme structure revision	15 June 2023
Institutions submit requests to create new transfer items for the 2024 MTEF	15 June 2023
Conditional Grant change proposal submission	30 June 2023
2024 MTEF Submission from institutions submissions	14 July 2023
Large infrastructure projects submission: 2024 MTEF Submission from institutions	14 July 2023
MTEC process concludes: Recommendations tabled to MINCOMBUD	Sep/Oct 2023
MINCOMBUD and Cabinet approval of 2024 MTEF	October 2023
Tabling of the Medium-Term Budget Policy Statement (MTBPS)	October 2023
Preliminary allocation letters issued to departments (2 days after tabling of the MTBPS)	October 2023
Cabinet approved allocations letters distributed to departments (3 days after Cabinet approval)	December 2023
Budget tabled in Parliament	February 2024

9. COMPOSITION OF TECHNICAL AND FUNCTIONAL GROUP

FUNCTION GROUP	TECHNICAL GROUP (FUNCTION SUB-GROUP)	KEY DEPARTMENTS AND OTHER INSTITUTIONS
Learning and culture	Basic education	Basic Education, Provincial Education departments
	Post-school education and training	Higher Education and Training, Sector Education and Training Authorities, National Skills Fund, National Student Financial Aid Scheme, Quality Council for Trades and Occupations, Council for Higher Education, South African Qualifications Authority
	Arts, culture, sport and recreation	Sport, Arts and Culture, Provincial and Arts, Culture, Sport and Recreation
Health	Health	Health, Provincial Health departments, National Health Laboratory Service

FUNCTION GROUP	TECHNICAL GROUP (FUNCTION SUB-GROUP)	KEY DEPARTMENTS AND OTHER INSTITUTIONS
Social development	Social protection	National Social Development, South African Social Security Agency, National Development Agency, Provincial Social Developments, Women, Youth and Persons with Disabilities, National Youth Development Agency, Commission for Gender Equality
	Social security funds	Road Accident Fund, Unemployment Insurance Fund, Compensation Fund
Community development	Community development	Cooperative Governance (limited to conditional grant and urban development programmes), Human Settlements, Water and Sanitation (water services), Public Transport, Mineral Resources and Energy (electricity distribution functions), Provincial Human Settlements, Provincial Public Transport, Local Governments
Economic development	Industrialisation and exports	Trade, Industry and Competition, Mineral Resources and Energy (mineral resources functions), Tourism, Small Business Development, Public Works and infrastructure (Programme 4) provincial economic development
	Agriculture and rural development	Forestry, Fisheries and the Environment, Agriculture, Land Reform and Rural Development
	Job creation and labour affairs	Employment and Labour, Public Works and Infrastructure (Programme 3), Expanded Public Works Programmes, Cooperative Governance, Employment Creation Facilitation Fund and National Treasury (Programme 7)
	Economic regulation and infrastructure	Mineral Resources and Energy (remaining Energy functions), Transport, Forestry, Fisheries and the Environment (environmental regulation), Communications and Digital Technologies, Water and Sanitation (water services), Provincial (Roads only) and Local Governments
	Innovation, science and technology	Science and Innovation

FUNCTION GROUP	TECHNICAL GROUP (FUNCTION SUB-GROUP)	KEY DEPARTMENTS AND OTHER INSTITUTIONS
Peace and security	Defence and state security	Defence, Military Veterans, Financial Intelligence Centre, State Security, Armscor and the Castle Control Board
	Police services	Police, Independent Police Investigative Directorate, Civilian Secretariat for the Police Service, Private Security Industry Regulatory Authority
	Law courts and prisons	Justice and Constitutional Development, Correctional Services, Office of the Chief Justice, Legal Aid South Africa, Public Protector of South Africa, South African Human Rights Commission
	Home affairs	Home Affairs
	Health	Military Health Services
General public services	Executive and legislative organs	Presidency, Government Communications and Information System, Parliament, Provincial Legislatures, Planning, Monitoring and Evaluation
	Public administration and fiscal affairs	Public service and Administration, National Treasury, Public Enterprises, National School of government, Statistics South Africa, Cooperative Governance, Public Works and infrastructure (programmes 1,2 and 5), Traditional Affairs, Public Service Commission, Centre for Public Service Innovation
	External affairs	International Relations and Cooperation, National Treasury (programme 6)

10. BUDGET REFORM UPDATE

The budget is a policy statement of government priorities; it is for this reason that sectors request data to confirm whether or not their policy priorities can be quantified in the budget as a means to ascertain that government is giving it precedence. There are developments internationally with regards to cross cutting programmes such as gender, youth, climate change and research and development. Each one of these is important as the impact of neglecting them are far reaching. To fully address the challenges each one of these priorities present, there needs to be a process to gather data to quantify the extent of the interventions government is implementing in these areas.

In terms of public finance management mechanisms South Africa has adopted expenditure tagging as a tool to identify, clarify, weight and mark relevant expenditures in government's budget system, enabling the estimation, monitoring and tracking of those expenditures by providing data on government's allocations or existing spending. The intention for information gathered through tagging is to inform policy discussions and to monitor implementation of policy imperatives. All the tagging projects above are in different stages of implementation.

The tagging exercise introduced in previous budget cycles has not been fruitful, therefore, the National Treasury is undertaking a process to refine the objectives, assess capacity needs and raise awareness within government departments and entities in order to re-implement the tags in the subsequent budget cycles. For the 2024 MTEF process data will be collected for gender and climate priorities.

Gender Responsive Budgeting: In the budget guidelines of the recent past, the National Treasury has requested disaggregated data from departments, in compliance with the Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework (2019). The data gathered only confirmed that a reform of this magnitude cannot be done through the guidelines. There is a knowledge gap that needs to be filled for the framework to achieve the desired outcome.

Phase 1 of the roadmap is underway and one of the key deliverables being the GRB guideline has been developed as the second deliverable in partnership with the IMF. The GRB guidelines are intended to equip public officials with knowledge on concepts, principles and tools needed to facilitate the translation of the national gender policy objectives, currently articulated in the National Development Plan and Medium-Term Strategic Framework, into concrete trackable programmes within the budget. A workshop on the GRB guidelines was held with national and provincial departments in April 2023.

One of the key recommendations arising from this process is the need for the establishment of a cross-departmental coordination structure between the National Treasury (NT), DPME and the DWYPD. The Interdepartmental task team was inaugurated in March 2023.

In addition, the DWYPD was included in the MTEC process for the first time in the 2023 MTEF process through the technical and function groups meetings to observe and participate in the discussions and trade-off process, which informs recommendations to the Medium-Term Expenditure Committee, the Ministers Committee on the Budget and finally the Cabinet.

An integral part of this reform is the collection of data in order to quantify how much is being allocated to gender priorities. It is for this reason the GRB task team has requested assistance for a development of a tagging or tracking system that will assist in reporting on programmes that prioritise gender equality.

The pilot departments will be contacted separately and guidance to populate required information will be provided.

Science Technology and Innovation (STI): Historically, the National Research and Development Strategy (NRDS) promulgated in 2002 made provision for cross-sector implementation of government priorities on STI. At that time, an attempt to collect and track this information in the budgeting and financial systems did not have the desired results. This demonstrated that there needs to be a different approach to tagging STI (which includes Research and Development).

The Department of Science and Innovation has developed the Science, Technology and Innovation (STI) Decadal Plan (DP), a blueprint for putting the 2019 STI White Paper into implementation. A task team has since been established to address the challenges encountered in the previous rounds and better prepare departments to participate in STI tagging in the budget process.

DSI's STI priorities for the National System of Innovation (NSI) address the ERRP and the Sustainable Development Goals (SDGs), as well as align with the final stage of the NDP 2030. The Priorities areas for STI Investment across government such as **agriculture, manufacturing, mining, health, energy, environment, education, and the digital economy** have been approved by the Inter-Ministerial Committee on STI at the end of 2022), and also taken up in the DPME's Budget Prioritisation Framework.

Climate Budget Tagging (CBT): The National Climate Change Response White Policy Paper (2011) makes provision for climate responsive budgeting. Through the World Bank, service provider has been contracted to design a CBT system for South Africa.

The CBT design and pilot was initiated for South Africa in October 2020, as a system and methodology for defining, tracking, and monitoring climate change-relevant expenditure in the public budget system. A functional CBT system aims to provide credible, useful, and systematic information on the climate-relevance of public expenditure. In so doing, it will help mainstream climate concerns into public plans and elements of the budget process. The pilot was rolled out for a period of 08 months from October 2021 to May 2022. While 11 pilots were initially planned, only 9 were completed (2 at provincial, 4 at municipal and 2 partially completed at national sphere and 1 State-Owned Enterprise).

Reasons for non-completion were pilot site capacity constraints to undertake work parallel to on-going activities, postponement and non-attendance of workshops. The outcome of the pilots requires that the methodology be simplified before rolling out to more departments, it is for this reason that the second phase of the project will focus on simplification of the methodology before and capacitation of the practitioners in preparation of the second pilot.

2024 MTEF

MEDIUM TERM EXPENDITURE FRAMEWORK

Technical Guidelines for Provinces

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