



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Enquiries: Communications Unit • Email: media@treasury.gov.za • Tel: (012) 315 5046 • 40 Church Square, PRETORIA, 0002 • www.treasury.gov.za

MEDIA STATEMENT

UPDATE ON GOVERNMENT SPENDING PENDING ENACTMENT OF THE 2025/26 APPROPRIATION ACT

The postponement of the 2025 Budget tabling, and the ongoing Parliamentary process, have elicited various comments and views about the near-term outlook for government finances and operations.

This media statement aims to inform stakeholders and the public about how the system works, both legally and practically.

South Africa's legal system has built-in flexibility, including for the executive to finalise a budget. Although the Minister of Finance usually tables the national budget in February each year, the law allows for a budget to be tabled at any time before the end of March or, in exceptional circumstances, as soon as possible after the start of the financial year. This year, the budget was tabled on 12 March 2025 and is currently under consideration by Parliament.

The budget includes a package of proposals for Parliament's consideration. Legislation provides for the inclusion of a fiscal framework, a Division of Revenue Bill and an Appropriation Bill in every annual Budget. Each of these must be considered in a sequential manner, and Parliament is currently considering the fiscal framework.

In the democratic era, the budget has consistently been passed after the commencement of the financial year it pertains to, which is permitted by law. The annual Appropriation Bill is to be passed by Parliament within four months after the start of the financial year, specifically by 31 July according to the Money Bills and Related Matters Act. Following its passage, the Bill requires the President's assent and publication in the Gazette, before it takes effect. In the past few years, the Appropriation Act was enacted in July or August.

According to section 29 of the Public Finance Management Act, if the national annual budget is not passed before the start of the financial year to which it relates, funds may be withdrawn from the National Revenue Fund to cover state services during that financial year. The funds withdrawn from the Revenue Fund may be utilised only for services for which funds were appropriated in the previous annual budget or adjustments budget.



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During the first four months of that financial year, up to 45 per cent of the total amount appropriated in the previous annual budget, may be withdrawn from the Revenue Fund. During each month thereafter, up to 10 per cent of the total amount appropriated in the previous annual budget, may be withdrawn. In aggregate, the amount withdrawn may not exceed the total amount appropriated in the previous annual budget. These funds are not additional to funds appropriated for the relevant financial year, and any funds withdrawn must be regarded as forming part of the funds appropriated in the annual budget for that financial year.

In other words, even though the fiscal year starts on 1 April every year, the Appropriation Bill is always passed later. This situation means that every year, departments incur spending before the Appropriation Act takes effect. Therefore, as in previous years, government departments will continue to spend as normal because funds may be withdrawn from the National Revenue Fund for the requirements of departments from 1 April 2025 until the Appropriation Bill for the 2025/26 financial year is passed by Parliament.

At the same time, it is important to note that the funding may not be withdrawn for new requirements - meaning requirements not funded in the 2024/25 financial year. Any new spending programmes, projects or policy adjustments may only commence after the Appropriation Act is enacted.

As a result, the public should not be concerned about the delivery of critical government services, including, for example, the payment of social grants, while the Parliamentary process for the 2025 Budget is ongoing.

Despite the flexibility allowed by the Public Finance Management Act, the National Treasury is committed to supporting Parliament in its consideration and timely passage of the 2025 Budget.

For enquiries please contact Media@treasury.gov.za / Ms Cleopatra Mosana on 063 686 8413

Issued by National Treasury

Date: 02 April 2025