



2024

MTBPS

**MEDIUM TERM
BUDGET POLICY
STATEMENT**

• 30 October 2024

FACT SHEET

ENGLISH

WHAT IS MTBPS?

The Medium-Term Budget Policy Statement (MTBPS) sets out the policy framework for the Budget that is presented every February, updates National Treasury's economic forecasts, estimates the budget numbers for the medium term, adjusts the budgets of government departments for the current financial year and makes emergency changes to spending.

WHEN IS THE MTBPS TABLED?

It is tabled three months before the national budget, usually in October every year. It is tabled immediately after the Budget Review and Recommendation Report (BRRR) process, where the annual reports by departments are scrutinised.

WHY IS THE MTBPS IMPORTANT?

The MTBPS plays a critical role in the entire budgetary process because it sets the tone for the fiscal framework (that refers to the broad budgetary aggregates of total revenue, expenditure and borrowing for a given year) for the next national budget. It also provides Parliament and the country as a whole with an update on how Treasury perceives the present economic situation. The budget is the most important economic instrument of government, as it reflects the country's socioeconomic policy priorities by translating priorities and political commitments into expenditure. Minister Godongwana is expected to present South Africa's economic outlook as analysed and forecasted by the National Treasury. The economic outlook



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is a forecasted expectation for how well the economy will perform during the upcoming quarter, year or the long run. This would include projections for inflation, productivity growth, unemployment and balance of trade. The economic outlook is critical and watched closely by investors, ratings agencies, taxpayers and citizens at large.

WHAT IS THE MEDIUM-TERM EXPENDITURE COMMITTEE (MTEC)

This is a technical committee that is responsible for evaluating the medium-term expenditure framework (MTEF) budget submissions of national departments and institutions by making recommendations to the Minister of Finance (through the Minister's Committee on the Budget (MINCOMBUD) regarding allocations to national departments. It is made up of representatives from select government departments.

HOW DO LINE MINISTRIES PREPARE THEIR BUDGETS?

National and provincial departments and entities run their internal processes to prepare expenditure estimate submissions in line with the requirements outlined in the budget guidelines and based on their strategic plans and other plans – informed by. Submissions are then made to

the NDP, MTSF and DPME's Budget Prioritisation Framework. NT (PF, IGR, BO) engages these institutions in function group discussions/bilaterals whose outcomes are inputs for National Treasury, where various mandated fora consider the MTEC proposals.

THE MTBPS PARLIAMENTARY PROCESS

In respect of the MTBPS, reports are issued by Parliament on the MTEF's fiscal framework and division of revenue (DOR), before the executive finalises the budget.

WHAT HAPPENS AFTER THE TABLING OF THE MTBPS?

After the tabling of the MTBPS, Parliamentary Committees (Appropriations and Finance) conduct public hearings with relevant stakeholders. Submissions are received from the stakeholders during the public hearings. Thereafter, the committees prepare a report and table it in the National Assembly, that further scrutinises expenditure and revenue proposals. Thirty days after the tabling of the MTBPS, the finance committees of the two Houses must report on the proposed fiscal framework and the Appropriations committees must report on the proposed division of revenue and grant allocations to provinces and local governments. The Division of Revenue Amendment Bill (DORA) is then considered.

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