



2027 MTEF

MEDIUM TERM EXPENDITURE FRAMEWORK

Technical Guidelines

for Provinces



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

A **NATION** 
THAT **WORKS**  FOR ALL



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1. INTRODUCTION

1.1. Purpose of these guidelines

These guidelines are issued in terms of section 27 (3) of the Public Finance Management Act, 1999 (PFMA) and prescribes the format and approach that departments and public entities must follow when preparing their submissions for the 2027 Medium-Term Expenditure Framework (MTEF). The primary purpose of these Guidelines is to strengthen fiscal discipline, enhance allocative efficiency, and improve the effectiveness of public spending.

The 2027 MTEF builds on reforms introduced in previous budget cycles. The guidelines strengthen the technical and policy processes that underpin provincial budget planning and execution, while supporting the translation of provincial priorities into clear, measurable and implementable budget deliverables. They promote improved coordination and consultation across national and provincial sector departments, including engagements with relevant stakeholders such as legislatures, oversight structures and civil society. The guidelines aim to enhance the credibility, consistency and transparency of provincial budget outcomes by providing clearer frameworks for budget decision-making, implementation monitoring, performance tracking and accountability.

The national guidelines and the accompanying budget calendar have been formally approved by Cabinet.

1.2. Strategic Orientation of the 2027 MTEF

The guidelines reaffirm the government's commitment to a disciplined and transparent budget process that supports South Africa's long-term fiscal objectives and national development priorities, and the effective delivery of concurrent functions across national and provincial spheres of government. The 2027 MTEF responds to calls for public resources to be used more effectively, maximising value for money while maintaining macroeconomic stability.

In pursuit of these objectives, the budget process will place stronger emphasis on prioritisation, rigorous baseline analysis, and the explicit management of trade-offs. Departments will be expected to demonstrate how their proposed allocations contribute to national development outcomes, while remaining within the limits of the fiscal framework.

The 2026 MTEF guidelines introduced the Targeted and Responsible Savings (TARS) initiative. This identifies low-priority or underperforming programmes for reduction or closure in order to enhance fiscal sustainability and service delivery, with savings re-allocated to priority spending. The Programme Assessment Matrix (PAM) was introduced as a mechanism to evaluate programme performance. As government institutionalises the PAM, departments must have performance measures focused on outputs instead of activities. The guidelines also aim to strengthen alignment within government, to ensure that national priorities are credibly translated into provincial and municipal budgets and service delivery outcomes, particularly in areas of concurrent legislative competence. Collaboration across spheres of government is required to implement the TARS.

1.3. Who should use these guidelines

These guidelines apply to all provincial departments, and public entities. They are particularly relevant to Accounting Officers, Accounting Authorities, Chief Financial Officers (CFOs), and programme managers who are responsible for the strategic planning, costing, and execution of budgets.

In terms of the PFMA, Accounting Officers bear the ultimate responsibility for ensuring that amongst others, spending is efficient, effective and demonstrates value for money, aligned with national government priorities, and consistent with fiscal sustainability. Accounting Officers must ensure that their departmental submissions adhere not only to the procedural requirements, but also to the government's policy direction.

The budget submission is a strategic policy document that includes an assessment of existing baselines, reflecting actual service delivery outputs and policy commitments. It identifies the key cost drivers within programmes and clarifies whether maintaining the baseline will sustain current service levels or require adjustments.

CFOs must lead and coordinate the development of technical baseline analyses, including assessments of what the current budget funds, the costing of policy priorities, and the integration of spending review findings into departmental submissions.

Accounting Officers must work collaboratively with programme managers to ensure that budget estimates are evidence-based, prioritised, and supported by sufficient technical analysis to withstand rigorous scrutiny during bilateral engagements, meetings of functional groups, and the provincial Medium-Term Expenditure Committee (MTEC).

Provincial treasuries, provincial departments, and intergovernmental structures such as the Technical Committee on Finance (TCF), Budget Council, and Budget Forum are encouraged to use these guidelines to strengthen coordination in fiscal planning and enhance the credibility of provincial and local government budgets.

These guidelines promote clarity, fiscal discipline, and analytical rigour, and aim to position the MTEF as a credible, transparent, and results-oriented framework for public resource allocation.

2. PRIORITISATION FRAMEWORK

To strengthen the discipline of resource allocation across government, the budget process will be guided by a limited and explicitly ranked set of national priorities derived from the Medium-Term Development Plan (MTDP) 2024-2029. These priorities will serve as the primary reference point for all allocation decisions.

Departments will be required to clearly rank their programmes in order of importance, taking into account their strategic contribution, expected impact, and implementation readiness. The classification of programmes as priorities must be supported by credible evidence and will be subject to scrutiny during budget engagements.

This approach is intended to prevent the over-classification of programmes as priorities and to ensure that scarce fiscal resources are directed toward interventions that deliver the greatest national impact.

3. MACRO-ECONOMIC AND FISCAL POLICY ENVIRONMENT

3.1. Macro-economic context

The 2026 Budget Review projects economic growth to rise gradually from 1.6 per cent in 2026 to 2 per cent by the end of the MTEF period. This is underpinned by continued progress in structural reforms, improving confidence, lower interest rates, and higher investment.

A lower inflation target, improved public financial management, and favourable global factors supported investor confidence and helped reduce borrowing costs during 2025 and early 2026. However, the conflict in the Middle East since the end of February 2026 has intensified geopolitical risks. Financial and commodity markets have become more volatile, the inflation outlook has deteriorated, and global growth prospects have weakened. Rising bond yields and weaker currencies have increased the risk of debt distress in emerging markets. These developments feed into South Africa's domestic economy through higher risk premia, exchange rate volatility, and renewed pressure on fuel and food prices.

A prolonged escalation of the conflict could entrench a stagflationary environment of high inflation and low growth, tightening domestic financial conditions and delaying interest rate cuts or prompting further hikes. This could weigh on economic growth and borrowing costs and force difficult trade-offs to ensure government stays on track to reduce the public debt and restore the public finances to health, while protecting public services and infrastructure investment.

3.2. Fiscal strategy

After more than a decade in the fiscal wilderness, with rising debt consuming a growing share of national resources, South Africa is restoring the health of its public finances. The 2026 Budget marked the achievement of important fiscal policy goals with public debt as a share of GDP stabilising in 2025/26. Government achieved a primary budget surplus – where revenue exceeds non-interest spending – for the third consecutive year.

Medium-term fiscal policy is anchored by a primary surplus which continues to grow over the next three years, reducing the public debt-to-GDP ratio and placing the public finances on a sustainable path.

Government continues to balance debt reduction with protecting public services and supporting the economy by shifting expenditure away from consumption spending toward infrastructure and capital investment.

The 2026 Budget signalled a fundamental shift in the effort to fix local government. For over a decade, intergovernmental flows have masked financial weaknesses in subnational government. Government is now moving from oversight to active structural intervention to address those challenges.

As discussed in the 2026 Budget Review, National Treasury is developing a principles-based fiscal anchor to strengthen South Africa's fiscal sustainability, transparency, and credibility.

4. DECISION MAKING FRAMEWORK FOR TRADE-OFFS

Reforms are under way to improve the quality of public spending. Building on the introduction of TARS in the 2026 MTEF budget process, the PAM Tool will continue to be used to identify programmes that are no longer fit-for-purpose, ineffective, or inefficient. These programmes will be rationalised, restructured, or phased out where appropriate.

Budget decisions will be guided by a standardised set of criteria. These include the extent to which programmes contribute to economic growth and employment, protect essential service delivery outcomes, demonstrate value for money, advance equity objectives, and reflect institutional readiness to implement funded interventions effectively.

Departments are required to explicitly demonstrate how these criteria have informed their reprioritisation proposals and budget submissions. Where competing priorities and resource pressures arise, these criteria will serve as the basis for resolving trade-offs in a structured, transparent, and evidence-based manner.

- Provincial Treasuries are encouraged to conduct a review of public entities to assess their legislative mandates, cost structures, performance, duplication of functions, and financial sustainability, with a view to determining value for money and renewing efforts to rationalize them.
- Provincial Treasuries must also assess and ensure that public entities do not retain surplus funds. Applications for the retention of surpluses should be evaluated by Provincial Treasuries in line with [National Treasury Instruction No. 03 of 2025–2026 on Retention of Surpluses](#).
- This analysis will ensure compliance with the PFMA and Treasury Regulations, while confirming that the public entity landscape remains aligned with national and provincial priorities and delivers measurable value for money. These measures will further strengthen oversight of public finances pending the finalisation of proposed amendments to the PFMA.
- National and provincial governments will be required, through the TARS process, to submit proposals that identify inefficiencies, eliminate low-impact expenditure, and reallocate resources towards high-impact service delivery programmes.
- Consultation between national and subnational spheres will be heightened to strengthen intergovernmental integration and encourage early alignment of priorities.
- The efficiency gains identified through expenditure reviews and detailed baseline analyses will continue to be implemented in support of government's broader drive towards a more efficient and sustainable Budget.
- The MTDP 2024-2029 mandates the DPSA and National Treasury to lead the implementation of the personnel expenditure review (PER) to manage the public wage bill and stabilise it by 2029/30, while advancing a capable and ethical public service. In this context, departments are required to implement workforce strategies that improve productivity, enhance skills, and align staffing with service delivery priorities.
- As part of the 2027 MTEF process, departments must prioritise interventions in support of the mid-term targets of the MTDP 2024-2029.

- Conversely, components of the baseline that are no longer aligned to the MTDP priorities should be considered for reduction through the TARS process. The MTDP, as approved by Cabinet, will thus be the primary planning input into the budget process, which National Treasury and provincial treasuries will continue to manage.
- The utilisation of the PAM Tool to assess what the existing budget baseline buys will be extended beyond departmental budget programme structures to include a stronger focus on specific service delivery programmes. Further guidance on baseline assessment is provided in Section 6.

Box 1: Next steps on reforms to improve inefficiencies

The National Treasury recognised the need for a comprehensive review of the budget process with the objective of identifying and implementing reforms to enhance the efficiency, transparency, and effectiveness of the budget process. The 2027 MTEF will continue the critical reforms which emanated from the review:

- **Early retirement:** The final phase of the Incentivised Early Retirement Programme, officially commenced on 01 April 2026, and is scheduled to close for applications on June 30, 2026. This is a critical component of the government's broader fiscal strategy to rejuvenate the public service and manage the wage bill by allowing voluntary exit without the usual financial penalties.
- **Ghost Employees:** The ghost worker audit targeting payroll fraud and irregular payments has identified 4 319 high-risk cases using data from the government's Personnel and Salary Administration system (PERSAL). The Department of Home Affairs (DHA) conducted an additional analysis using the National Population Register (NPR), the results of which are being finalised. All flagged cases will be required to complete online verification using a platform developed in partnership with the DHA. The online verification platform has been tested and is ready to be rolled out to all national and provincial departments in June 2026. A PFMA Instruction Note will be issued, effective from 15 June 2026 providing Accounting Officers with the necessary guidance to support their departments in undertaking the online verification.
- **Social grant verification work:** Since 2025/26, allocations to the South African Social Security Agency (SASSA) have been made conditional on the agency strengthening biometric and income verification processes and conducting more frequent eligibility reviews for social grants. By 31 March 2026, SASSA had verified the bank accounts of approximately 6 million beneficiaries and cross-checked a further 8 million clients against credit bureau records. About 169 049 beneficiaries did not respond to requests for review and were subsequently referred to the Fraud and Compliance unit for further investigation. As a result, these grants lapsed or were cancelled, generating annual savings of R155.3 million. Over the medium term, the agency will continue to intensify efforts to combat fraud and corruption, while ensuring that eligible beneficiaries remain protected.
- **Conditional Grants review:** The National Treasury continues to roll out the conditional grant reforms introduced during the 2024 review process, all of which have been consulted on and endorsed by the relevant departments. Some of these reforms will be fully implemented in the 2027/28 financial year while others will be phased into the outer years of the MTEF as departments finalize the necessary operational processes to prepare their systems for the upcoming transitions.
- **Public sector wage bill:** The 2027 MTEF process will also incorporate reforms mandated by the Public Administration and Management Amendment Act (Act 7 of 2026), once it takes effect, to harmonise remuneration and conditions of service

across all spheres of government, including public entities and State-Owned Companies. The reforms aim to support a more sustainable, fair, and equitable wage framework across government institutions. Government will also continue to explore measures to implement the Personnel Expenditure Review recommendations over the medium term, including engagement with organised labour in the Public Service Coordinating Bargaining Council on matters affecting conditions of service. This approach shifts the focus from short-term containment to longer-term structural reform of the public service.

4.1. Gender Responsive Budgeting (GRB), Climate Budget Tagging (CBT) and Science, Technology and Innovation (STI) budget reforms

Government is strengthening budget tagging tools to improve the estimation, monitoring, and tracking of public expenditure, thereby supporting evidence-based policy decisions and ensuring that resource allocation is aligned with national priorities and long-term development objectives.

GRB: Since the launch of the initial Gender Budget Tagging pilot, National Treasury has made notable progress in refining the approach. While the first pilot conducted during the 2024 MTEF at national level encountered implementation challenges, it generated important lessons—particularly the need for clearer, more practical guidance to departments. These lessons informed subsequent refinements and supported the development of the first Gender Budget Statement (GBS), published as part of the 2025 Budget. Building on this, the pilot was expanded in the 2026 GBS cycle to fourteen national departments and extended beyond the initial focus on women’s economic empowerment to include a second gender equality objective, namely human endowment. This expansion aligns with Parliamentary recommendations to broaden coverage to the social sector and progressively extend implementation to provincial government.

CBT: This is a practical tool used to identify, classify, track, and monitor climate-related decisions and expenditures within public budgets. Its effectiveness is closely linked to the strength of the broader climate policy and institutional framework, which provides the basis for defining and categorising what qualifies as climate-relevant spending. The initial CBT methodology, developed in 2022, was tested through consultations with stakeholders across all three spheres of government. In the second phase, the framework was refined and the methodology simplified to enhance usability, consistency, and ease of application. In 2026, the reformed approach was piloted in six national departments, marking an important step in testing its practical application. The initiative is now being prepared for a phased rollout to provincial governments, supporting more consistent and systematic tracking of climate-related public spending across the public sector.

STI: This reform aims to strengthen coordination of research, development, and innovation systems to support evidence-based policymaking and address fragmented resource allocation that limits developmental impact. It is institutionalised through coordinated STI budgeting, formally established in 2017, and anchored in the 2019 White Paper and the 2022–2032 Decadal Plan. National Treasury developed the STI budget tagging tool in collaboration with the sector lead, the Department of Science, Technology and Innovation. The initial pilot commenced with three national departments in 2026. Over the medium term, the reform will be progressively expanded to additional national departments and rolled out to provincial government.

Provincial Roll-out of Budget Reforms

The rollout is expected to commence in the 2027 MTEF period. National Treasury, in consultation with key stakeholders—including sector lead departments, the Technical Committee on Finance (TCF), and relevant national sector departments—has developed a provincial roadmap and supporting tagging tools to guide and enable implementation. A full rollout to all provincial departments is planned for the 2028 MTEF, ensuring a structured and phased approach to implementation.

As an initial step, a provincial pilot will be undertaken during the 2027 MTEF, focusing on selected priority sectors. This phase will be used to test the tools, refine the approach, and strengthen readiness for a broader rollout. Below are the selected pilot sectors for each reform:

- **GRB:** Education, Health, Social Development, Agriculture, Economic Development, and Transport
- **CBT:** Agriculture, Economic Development, and Transport
- **STI:** Health and Agriculture

National Treasury coordinated a workshop to support the implementation of these reforms, held on **26 May 2026**, bringing together key stakeholders from both national and provincial government. These included the national departments leading the respective policy areas, national departments responsible for selected concurrent functions, Provincial Treasuries, the Department of Planning, Monitoring and Evaluation (DPME), Offices of the Premiers, and the relevant provincial sector departments.

GRB, CBT and STI priorities must be included in budget bilaterals with provincial departments, functional group discussions, provincial MTEC hearings, and sectoral meetings.

4.2. Infrastructure Reforms

This budget cycle reinforces government’s commitment to leveraging public infrastructure investment to support higher economic growth and service delivery. National Treasury will continue to implement infrastructure reforms aimed at increasing private sector participation in the delivery and financing of public infrastructure, alongside efforts to strengthen public investment management. Together, these measures will enhance value for money and lead to better infrastructure delivery outcomes. This approach will increase the scale and effectiveness of public spending.

The [Budget Facility for Infrastructure](#) (BFI) has been reconfigured to run quarterly windows, enabling more responsive fiscal support for large-scale infrastructure projects and programmes that require this to advance. Through robust appraisal review processes, the BFI will continue to build a credible and investable portfolio of projects and programmes. The process will also determine the appropriate fiscal instruments required to support worthwhile interventions. The facility will maintain close collaboration with development financiers and other funders to reduce pressure on the fiscus and crowd-in non-fiscal funding.

Oversight and accountability mechanisms will be strengthened through more transparent, timely and efficient reporting thereby improving data quality and compliance with reporting requirements. Greater emphasis will also be placed on

assessing spending readiness, particularly through the BFI, to minimise the risk of underspending on allocated budgets. This will ensure that scarce fiscal resources are directed towards projects and programmes that demonstrate the capacity to spend effectively and deliver measurable outcomes. In parallel, government will reinforce sound project management, governance and implementation practices across the infrastructure value chain to enhance delivery performance and long - term asset sustainability.

4.3. Provincial Support for Metro Trading Services Reform (MTSR)

Provincial Treasuries and provincial departments must support implementation of the MTSR as a national economic and service delivery priority. Reliable water and sanitation, electricity and energy, and solid waste services in metropolitan municipalities are essential for growth, jobs, investment, public health and dignity, and the Minimum Commitments are the institutional foundations for capable, accountable and financially sustainable municipal utilities.

Provinces with metropolitan municipalities must use their 2027 MTEF budget processes, infrastructure planning processes, provincial oversight responsibilities and intergovernmental platforms to support reform readiness and implementation. This includes aligning provincial infrastructure investments in human settlements, roads, schools, clinics and related facilities with metro bulk services and trading services investment plans; supporting the rapid resolution of provincial approvals, permitting, compliance, oversight and enforcement matters, particularly in relation to solid waste management; and resolving legitimate provincial or intergovernmental blockages affecting the appointment and effective functioning of the single point of management accountability (SPOMA) for trading services.

Provincial Treasuries must also ensure that provincial departments budget adequately for municipal electricity, water and sanitation, and solid waste management accounts, and that verified municipal accounts are paid timeously and in full. Material arrears, disputed accounts and payment blockages must be actively monitored and resolved through provincial budget, cash management and intergovernmental processes, as non-payment undermines municipal trading service revenue, liquidity and reform implementation. Provincial Treasuries should also use budget engagements to assess whether provincial grants, infrastructure programmes and municipal support initiatives reinforce funded budgets, credible business and investment plans, ring-fenced utility management, improved revenue performance, maintenance and measurable service delivery outcomes.

All provinces, including those without metros, should apply the principles of the reform where appropriate by strengthening oversight of municipal trading services and encouraging accountable, financially transparent and performance-oriented management of municipal utility functions. Effective implementation of the municipal standard chart of accounts (*mSCOA*) is an enabling foundation for ring-fencing municipal services. Provincial budgets must not create unfunded mandates or duplicate national incentive arrangements, but should demonstrate coherent support for reform implementation, with provincial funding and technical support directed towards municipalities that are ready to implement, perform and sustain improved trading services outcomes.

5. PRINCIPLES FOR THE 2027 MTEF

Provincial departments and public entities should be guided by the following policy principles when preparing their budget submissions:

- Provincial departments must use PAM Tool to assess programmes and public entities to evaluate effectiveness and performance.
- National and provincial departments must ensure that policy proposals affecting provincial, municipal, or functions delivered through agency agreements are fully costed and aligned with the fiscal framework, to avoid unfunded mandates.
- The 2027 MTEF will be anchored in government's commitment to stabilise and gradually reduce the debt-to-GDP ratio. Achieving this requires maintaining a primary surplus, where revenue continues to be higher than non-interest spending by a sufficient margin to prevent further debt accumulation. It also requires that any materialisation of fiscal risks is managed in a manner that is fiscally neutral.
- The estimated cost of the temporary fuel levy relief from April to June 2026 amounts to R17.2 billion in foregone tax revenue for 2026/27. The relief is a response to the high global oil prices resulting from the conflict in the Middle East that began in late February. If this is prolonged, the 2027 MTEF budget process will institute the necessary steps to ensure that the fiscal trajectory as presented in Budget 2026 remains on course.
- Additions to the overall fiscal envelope will only be considered for priority interventions if fiscal space has been created through the TARS process.
- In cases where higher-than-expected or windfall revenues materialise, such gains will not be used to fund permanent expenditure increases. Instead, any additional revenue will be used to improve fiscal sustainability or address temporary spending needs such as infrastructure investments or pressure that might arise if fiscal risks from the current geopolitical tensions materialize.
- Any budget pressures or new funding requirements must first be addressed through reprioritisation within existing baselines. Programmes that have consistently underperformed or failed to achieve expected outcomes should be considered for reprioritisation or reallocation.
- Any additional funding requirements for specific programmes must be offset by reprioritization. This may include reprioritisation across departments or entities.
- Spending pressures arising from the downward inflationary adjustments instituted for budgets other than compensation of employees in the 2026 Budget due to government's adoption of a lower inflation target should be assessed and dealt with as part of the budget process.
- Compensation budgets must remain within the limits set in the 2026 Budget. This implies that departments will need to manage the overall size of the establishment to remain within the unit cost of their workforce.
- Salary adjustments across public institutions should be aligned with the public service wage bill management strategy. Departments and entities must consider the medium-to-long-term implications of remuneration decisions on future budget allocations.

6. STRENGTHENING BASELINE ANALYSIS

To support a more strategic and evidence-informed budget process, provincial departments and public entities are expected to undertake their own internal baseline analysis as part of the 2027 MTEF submissions. This is critical in ensuring that departmental and public entities' budgets reflect the most urgent needs, deliver value for money, and remain aligned with the MTDP priorities.

6.1. Programme Assessment Matrix (PAM)

The Programme Assessment Matrix will be institutionalised as a central tool for evaluating programme performance and informing reprioritisation decisions. To support its effective application, National Treasury will issue standard methodologies, minimum data requirements, and benchmarking guidelines.

Provincial departments will be required to apply the PAM Tool in a consistent and rigorous manner, supported by credible financial and performance data. Quality assurance processes, including independent validation where necessary, will be introduced to ensure the reliability of assessments.

The tool will facilitate the breakdown of budgets into its key components, including compensation of employees, goods and services, transfers and subsidies, and payments for capital assets. This disaggregation helps identify where spending is concentrated and where adjustments may be feasible.

6.2. Targeted Responsible Savings (TARS)

The TARS process remains a key mechanism for identifying inefficiencies and reallocating resources toward higher priority interventions. Provincial departments must identify underperforming or non-essential programmes and propose credible savings that can be redirected to priority areas.

All proposed savings must be supported by detailed analysis and must not compromise essential service delivery outcomes.

Use available performance data (e.g. Databases, Annual Performance Plans, audit reports, and evaluation findings) to assess whether the programme is delivering its intended outputs and outcomes. Low-performing or underachieving programmes should be subject to deeper review.

6.3. Propose Adjustments Based on Evidence

Based on the analysis, departments should clearly identify areas where:

- Resources can be reallocated to higher priorities.
- Programmes can be scaled back or redesigned for efficiency;
- Savings can be realised without service delivery risk.

In examining its options, organs of state should participate in transversal term contracts to achieve economies of scale and savings from bulk negotiations. There are currently **63** transversal contracts arranged by the National Treasury with an estimated spend of R73 billion across all three spheres of government including public entities. Use link to access [transversal contracts](#) available on the National Treasury website.

6.4. Document and Submit Findings

Provincial departments should document the results of the baseline analysis, including a summary of key insights, proposed changes, and supporting data. These should accompany the budget submission to the provincial treasuries and National Treasury.

It is important to note that a similar exercise will be conducted by budget analysts to counter findings and recommendations.

Budget submissions must be complete, evidence-based, and aligned to the reform agenda. This includes credible baseline analysis captured in their narrative report and databases. The components to the submission are outlined in Annexure A.

7. INTERGOVERNMENTAL ALIGNMENT

Improving alignment between national, provincial and local government priorities remains a key objective of the budget process. To achieve this, structured mechanisms for joint planning and coordination will be strengthened across spheres of government.

Where conflicts arise, these will be resolved through established intergovernmental forums, including the Budget Council, Budget Forum, and the Technical Committee on the Budget. Conditional grant frameworks will also be used, where appropriate, to enforce alignment and ensure that national priorities are effectively implemented at subnational level.

Cross-cutting priorities, including gender, climate change, and science and innovation, must be fully integrated into core budgeting processes. Departments are required to reflect these priorities in programme design, budget allocations, performance indicators, and technical discussions, and to explain the reprioritisation undertaken in support of the relevant policy objectives. For participating departments, submissions must clearly set out the policy imperative being addressed and the associated budget implications.

These priorities should no longer be treated as stand-alone pilot initiatives but must meaningfully inform budget prioritisation and allocation decisions where applicable.

8. HOW TO SUBMIT YOUR BUDGET

The primary budget submission of a provincial department must be submitted by the Accounting Officer of the department and must be accompanied by a signed covering letter. The letter must confirm that the submission reflects the department's strategic direction, particularly with regard to any budget baseline changes arising from deliberations of its executive management.

A comprehensive submission is required covering all expenditure proposed for appropriation under a provincial vote, including transfers to public entities and other spheres of government within the relevant provincial budget vote.

Where a provincial department makes transfers to, or exercises oversight over other institutions (including public entities), the submissions of those institutions must be prepared under the guidance of the departmental Accounting Officer. This process must be undertaken in collaboration with all institutions reporting to the relevant

Executive Authority and must be accompanied by an endorsement letter signed by the Accounting Officer of the department.

Departments selected to participate in the Gender Responsive Budgeting (GRB), Science, Technology and Innovation (STI), and Climate Budget Tagging (CBT) pilots must include, in their submissions, a paragraph summarising the findings generated through the relevant tools. This requirement applies only to selected departments.

9. PROVINCIAL BUDGET CALENDAR

Accounting Officers are requested to take note of these dates and ensure compliance.

ITEM	DATE
Provincial 2027 MTEF technical guidelines issued	05 June 2026
National Treasury issues 2027 MTEF database (provincial departments and public entities) to Provincial Treasuries	05 June 2026
Programme Assessment Matrix (PAM) Tool issued	05 June 2026
Budget Formats Guide (Estimates of Provincial Revenue and Expenditure/ EPRE) issues	05 June 2026
MTEF Guideline workshop	12 June 2026
Provincial treasuries submit first draft 2027 Budgets to National Treasury: Database, Budget Narratives, and PAM Tool (provincial departments and entities)	08 July 2026
GRB, CBT and STI - Budget Tagging Tool issued	10 July 2026
Technical Committee on Finance Lekgotla	15-17 July 2026
Provincial treasuries submit first draft 2027 MTEF GRB, CBT, STI - Budget Tagging Tools to National Treasury	24 July 2026
Technical Committee on Finance meetings	Occurs every two weeks
Budget Council and Budget Forum meetings	TBA
Tabling of Medium-Term Budget Policy Statement	October 2026
Preliminary allocation letters issued to provinces – provincial equitable share (PES) allocations	October 2026
Provincial treasuries submit 2nd draft 2027 Budgets to National Treasury: <ul style="list-style-type: none"> Database and Estimates of Provincial Revenue and Expenditure/EPRE (provincial departments and entities) PAM Tool; GRB, CBT and STI - Budget Tagging Tools 	13 November 2026
Final conditional grant frameworks submitted to National Treasury by national departments	December 2026
Provincial benchmark exercise for 2027 Budget	7 -11 December 2026
Preliminary conditional grants allocation letters issued to provinces	December 2026
Final PES allocation letters issued to provinces (February, after Cabinet sitting)	February 2027
Provincial Budgets tabled at Provincial Legislatures	March 2027

10. NATIONAL BUDGET CALENDER

ITEM	DATE
2027 MTEF guidelines presented to TCB	29 May 2026
2027 MTEF guidelines presented to FOSAD	01 June 2026
2027 MTEF guidelines and calendar presented to Cabinet	03 June 2026
MTEF guidelines issued to departments	04 June 2026
2027 MTEF submission workbooks issued to departments	08 June 2026
Fiscal strategy engagement with institutions (virtual)	June 2026
Conditional Grant change proposal submission	26 June 2026
2027 MTEF Submission workbooks received from departments and institutions	26 June 2026
Submission of large-scale infrastructure proposals for Budget Facility for Infrastructure (BFI) - Quarter 2	05 July 2026
Fiscal Strategy public engagement	July/Aug 2026
TCB recommendations tabled to MINCOMBUD	Aug/Sep 2026
Budget Council and Budget Forum (after MINCOMBUD and before Cabinet)	October 2026
Submission of large-scale infrastructure proposals for Budget Facility for Infrastructure (BFI) - Quarter 3	2 October 2026
Provisional conditional grant frameworks and allocations submission by departments	2 October 2026
Technical Committee on Finance and Technical Budget Forum	October 2026
MINCOMBUD and Cabinet approval of 2027 MTEF	October 2026
Tabling of the Medium-Term Budget Policy Statement (MTBPS)	October 2026
Final conditional grant frameworks and allocations submission by departments	27 November 2026
2027 Estimates of National Expenditure (ENE) Guidelines, including chapter template, and data workbooks issued to institutions	November 2026
Preliminary allocation letters issued to departments	November 2026
Submission of ENE data workbooks (including human resource budget planning) and chapters by institutions	December 2026
Public entities submit MTEF board-approved budgets	December 2026
Submission of large-scale infrastructure proposals for Budget Facility for Infrastructure (BFI) - Quarter 4	08 January 2026
Cabinet approved allocations letters distributed to departments	January 2027
Submission of the 2027 Division of Revenue Bill to the Financial and Fiscal Commission (14 days before the tabling of the Budget)	February 2027
Budget tabled in Parliament	February 2027
2027/28 cash flow projections circular, including template, issued to departments	February 2027
Departments submit cash flow projections for 2027/28	26 February 2027
Approved 2027/28 cash flow projections issued to departments	March 2027

11. CONCLUSION

The 2027 MTEF Technical Guidelines serve as a vital blueprint for reinforcing fiscal discipline, improving allocative efficiency, and driving spending effectiveness across all spheres of South African government. Set against a volatile global economic backdrop and constrained domestic growth, these guidelines shift the budgeting paradigm away from passive oversight toward active, structural intervention and rigorous baseline analysis.

By institutionalising analytical tools like the PAM and TARS process, National Treasury establishes a clear expectation: public institutions must systematically phase out underperforming or redundant programs to fund critical national priorities within existing fiscal limits. Furthermore, the introduction of structural infrastructure reforms, automated processes, and standardized personnel management strategies underlines a broader commitment to optimizing the quality of public spending and mitigating systemic fiscal risks.

Ultimately, successful implementation of the 2027 MTEF relies on collaborative, evidence-based planning between Budget Analysts, Accounting Officers, Chief Financial Officers, and program managers. Adhering to the timelines and analytical steps detailed in these guidelines will ensure that public resource allocation directly advances the mid-term targets of the MTDP 2024-2029, securing South Africa's long-term fiscal sustainability and delivering measurable value to its citizens.

All National Treasury guidelines can be found at:

<http://www.treasury.gov.za/publications/guidelines/>.

ANNEXURE A: COMPONENTS OF THE SUBMISSION

For each public institution, the budget submission consists of:

1. PROVINCIAL SUBMISSIONS

1.1. Excel databases and tools for data submissions

Information contained in the department's budget explanatory narrative report in the section above must be supported by relevant databases. The following are the databases and tools:

- 2027 MTEF Budget database for the departments,
- 2027 MTEF PAM Tool
- 2027 MTEF Budget database for public entities,
- 2027 MTEF Budget Tagging tools (selected sector departments)

When working with the databases, note that:

- The 2027 MTEF: 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 and/or detailed baseline analysis 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.
- Budget tagging tools for GRB, STI and CBT reforms will be shared with the selected departments to support implementation and ensure consistent application across the pilot sectors.

1.2. Provincial departments and public entities

Provincial department and public entities are required to:

- adhere to the principles of the 2027 MTEF as articulated in section 5 above.
- provide narration of functions performed by the institution, financial commitments, and the human resource plan. They must give a summary of the financial status and policy imperatives of the departments and public entities.
- demonstrate how they will address any cost pressures within existing baselines - given that there are no additional funds available for allocation.
- submit their budget templates in the formats provided.
- seek provincial treasury approval in instances where the public entity intends spending from reserves in accordance with [National Treasury Instruction No. 03 of 2025–2026 on Retention of Surpluses](#).

1.3. Inflation assumptions

- 2027/28 financial year: per cent CPI - 3.2%
- 2028/29 financial year: per cent CPI - 3.1%
- 2029/30 financial year: per cent CPI – 3.0%

Provincial departments and 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, institutions 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.

2. TECHNICAL STRUCTURES

2.1. At national level, the senior technical structures in the budget process are the Technical Committee on the Budget (TCB) and the Technical Committee on Finance (TCF):

- TCB is a committee of senior officials from National Treasury, The Presidency, Public Service and Administration, Cooperative Governance, Basic Education, Social Development, Forestry, Fisheries and the Environment, Agriculture, Home Affairs and Tourism that engages with budget related matters throughout the year and makes recommendations to 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 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 and Budget Forum.

2.2. At provincial level, the senior technical structure in the budget process is the Medium-Term Expenditure Committee (MTEC)

- Provincial MTECs are key to enhancing the integration of policy, planning, budgeting and implementation, and they should be used as one of the platforms to encourage joint planning between departments, municipalities and public entities, to ensure the alignment of provincial budgets with strategic planning documents. The MTEC process also enables provinces to assess the equitable and efficient allocation of resources and identify priority programmes and projects that will be funded over the medium term.
- Provincial MTECs should make recommendations to the Provincial Executive Councils, which are responsible for taking final decisions on budget proposals. Discussions at the provincial MTEC level should be convened and chaired by Provincial Treasuries, in line with their legislative mandate (PFMA Section 18) to manage the provincial budget process, assess allocative efficiency, and promote overall fiscal sustainability within provincial budgets.

2.3. At national level, the process of generating final budgetary recommendations to TCB includes the following elements:

- National Treasury appoints a *coordinator* from the Public Finance division for each technical group, who will be responsible for engaging with budget institutions and preparing reports to the TCB for each technical group.
- Budget *bilaterals* are convened between National Treasury and senior finance and programme officials in each institution.
- *Technical group* meetings are held, in which relevant departments, public entities and provincial structures participate. Technical groups are aligned with particular outcomes specified in the MTDP. The technical group considers submissions by institutions and discusses the reallocation of resources within the group.
- In function areas with a significant concurrent powers (such as health, basic education, human settlements and municipal infrastructure), a *function 10x10*, composed of heads of department of the nine provincial and one national lead department in the function together with their finance counterparts, may be convened as a substitute for or complement to 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 may be required.
- The National Treasury may also convene *function group hearings* 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.

2.4. Technical group coordinators will make input to a final function group report on the outcome of the process. These reports will be presented to TCB, which will make final recommendations to MINCOMBUD and then to Cabinet.

3. POLITICAL STRUCTURES (NATIONAL)

3.1. The Ministers' Committee on the Budget (MINCOMBUD)

- MINCOMBUD has been constituted as a Committee of Cabinet, chaired by the Minister of Finance. Its members are appointed by the President on the recommendation of 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 constituting the TCB. 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.
- 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”.
- It is a standing protocol of MINCOMBUD that its members do not participate in the committee in order to further the specific objectives of the portfolios for which they have responsibility. Rather, MINCOMBUD members are expected to take a “whole of government” view in their deliberations.

3.2. Budget Council and Budget Forum

- The Intergovernmental Fiscal Relations Act (97 of 1997) establishes a Budget Council consisting of the Minister of Finance and the 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.
- 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.
- 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.

3.3. Joint MINMECs

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 national and provincial level from the relevant department.

4. TECHNICAL AND FUNCTIONAL GROUPS

4.1. Reconfiguration of the technical and function groups

The following is the national process for noting:

There will be a change in the usual deliberations between institutions, designed to support the focused ranking of priorities and the TARS process. Each department will need to motivate the rankings for its list of priorities and the trade-offs. Institutions will also be afforded an opportunity to present their underperforming programmes to be considered for the TARS process.

4.2. Function groups composition

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, 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, and Provincial Arts, Culture, Sport, and Recreation
Health	Health	Health, Provincial Health departments, National Health Laboratory Service, Military Health Services
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,
	Post Retirement Medical Subsidies, Public Sector Pensions and Related Payments	National Treasury (Public Sector Pension and Related Payments Act Direct Charge)
	Social Security Funds	Road Accident Fund, Unemployment Insurance Fund, Compensation Fund

FUNCTION GROUP	TECHNICAL GROUP (FUNCTION SUB-GROUP)	KEY DEPARTMENTS AND OTHER INSTITUTIONS
Community development	Community Development	Cooperative Governance (limited to conditional grant and urban development programmes), Human Settlements, Water and Sanitation (water services), Public Transport, Electrification and Energy and (electricity distribution functions), Provincial Human Settlements, Provincial Public Transport, Local Governments, National Treasury (limited to conditional grants)
Economic development	Industrialisation and Exports	Trade, Industry and Competition, Mineral Resources, 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
	Labour Affairs and Works Programmes	Employment and Labour, Public Works and Infrastructure (Programme 3, Cooperative Governance, Community Works Programme
	Economic Regulation and Infrastructure	Electricity and Energy and (remaining Energy functions), Transport, Forestry, Fisheries, and the Environment (environmental regulation), Communications and Digital Technologies, Water and Sanitation (water resources), 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, Denel 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, Information Regulator, Judicial Inspectorate for Correctional Services, Legal Aid South Africa, Public Protector of South Africa, South African Human Rights Commission, Special Investigating Unit
	Home affairs	Home Affairs
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, 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 2)

2027 MTEF
**MEDIUM TERM
EXPENDITURE FRAMEWORK**
Technical Guidelines

for Provinces

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