



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

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PROVINCIAL TREASURY CIRCULAR NO. 37 OF 2024

TO:

**DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA
SECRETARY OF THE MPUMALANGA LEGISLATURE
HEADS OF DEPARTMENTS
CHIEF EXECUTIVE OFFICERS OF PUBLIC ENTITIES**

**CHIEF FINANCIAL OFFICERS OF DEPARTMENTS
CHIEF FINANCIAL OFFICERS OF PUBLIC ENTITIES**

FIRST DRAFT BUDGET SUBMISSIONS FOR 2025 MTEF

In terms of Treasury Regulation 5.1, the Accounting Officer of an institution must prepare a plan that is consistent with the period covered by the Medium-Term Expenditure Framework (MTEF) for approval by the executive authority.

Due to slow economic growth the budget is again formulated within a tight fiscal environment and the following policy guidance should be taken into consideration when preparing the budget submission to the Provincial Treasury:

- The 2025 MTEF process will be underpinned by the announced goal by the National Treasury, of stabilising and then reducing the government debt as a percentage of economic output.
- Resources will only be available within the parameters required to meet the objectives of the medium-term fiscal strategy. In this regard, should the economic outlook remain the same, NO additions will be made to the overall envelope.
- Any spending pressures must first be funded from current baselines and programmes that have not delivered their expected outcomes.
- 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.
- The 2025 Budget process will maintain the compensation ceilings of provincial departments within the existing limits, implying a trade-off between the unit cost of labour and the total size of the staff establishment in each department.

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COSTING ASSUMPTIONS

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 a wage negotiation underway which will have implications on current baselines. It is envisaged that the negotiations will be finalised by the time the Medium-Term Budget Policy Statement is tabled. Further communication on the wage negotiations will be communicated through the National Treasury's Guidelines for the Costing and Budgeting for Compensation of Employees, which will outline the requirements for human resource detailed assessments and must be used for the preparation of expenditure estimates for the 2025 MTEF when costing compensation of employees.

Attached to this circular are the following guidelines which must be consulted for more details in preparation of expenditure estimates for the 2024 MTEF:

- **2025 MTEF Technical Guidelines for provinces**
- **Gender Responsive Budgeting Guidelines**

Submission Requirements

All Votes and Public Entities are requested to submit **budget explanatory narrative report** supported by the completed **2025 MTEF Database** as well as **detail cost per head** on or before **18 July 2024**. June IYM figures must be captured on the revised estimate.

The Provincial Treasury will be conducting a 2025 MTEF Budget Preparation Workshop to assist all votes and public entities in July 2024 commencing with technical guidelines discussions with then demonstrating the templates to technical officials.

Your co-operation in this regard is highly appreciated.

Kind regards,



MS GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 28 / 07 / 2024