provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

Nokuthula Simelane Building, No 7 Government Boulevard, Riverside Park Extension 2, **MBOMBELA** 1200
Private Bag x11205, **MBOMBELA** 1200
013 766 4437

SigcinaMafa SesiFundza UmNyango weeMali ZesiFunda Provinsiale Tesourie

Enquiries : MS. T.N.P. MAGWAZA Ext 4286
Ref 12/5/1

PROVINCIAL TREASURY CIRCULAR NO. 30 OF 2025

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

SUBJECT: 2025 MTEF NEW ANNUAL BUDGET PROCESS AND SECTION 29 OF THE PFMA: EXPENDITURE BEFORE ANNUAL BUDGET IS PASSED

1. PURPOSE

This circular provides information regarding the 2025 MTEF budget process and guidance to all provincial institutions on how to manage their finances in the event of a delay in the budget approval process. To ensure that all institutions comply with the legal requirements set out in both the Public Finance Management Act (PFMA) and the Mpumalanga Provincial Act, 2024 in order to prevent any unauthorized or improper use of funds.

2. NEW ANNUAL BUDGET IMPLICATION

The Minister of Finance has formally written to the Speaker of Parliament, proposing that the new annual budget be tabled on 21 May 2025. The Minister has also advised that provincial legislatures should halt the processing of current provincial budgets and withdraw those already tabled. As a new annual budget and Division of Revenue Bill will be introduced, section 27(2) of the Public Finance Management Act, 1999, will apply. Consequently, provinces will therefore be required to table new annual provincial budgets to ensure alignment with the newly tabled Division of Revenue. Accordingly, our province will have to retable its provincial budgets within two (2) weeks after tabling of the national annual budget.

Thus, approval of the provincial budget will be further delayed by these processes taking into consideration that Provincial Legislatures may not pass a provincial appropriation Bill prior to Division of Revenue Bill (DoRB) being passed by Parliament, assented to by the President and published in the Government *Gazette* as an Act.

3. SECTION 29 OF THE PFMA: EXPENDITURE BEFORE ANNUAL BUDGET IS PASSED

Section 29 of the PFMA then provides a **legal framework to ensure the continuation of essential government services at both the national and, where applicable, provincial levels when the annual budget is not passed before the start of the new financial year (April 1st).** In relation to the province, the Mpumalanga Provincial Act, 2024, Section 6 outlines similar provisions for the province for 2025/26 financial year. This was to ensure that the provincial government can continue its operations and provide essential services even if there are delays in passing the provincial budget. This section then aligns with the principles set out in Section 29(4) of the PFMA, providing a framework for the temporary use of funds based on the previous year's budget until the new budget is approved. The utilization of the previous year's budget is with the following limitations:

- **Only for existing services:** Funds withdrawn under Section 29 can *only* be used for services for which funds were appropriated in the *previous* annual budget or adjustments budget.
- **Expenditure ceiling:** The total amount withdrawn *cannot exceed* a specific limit:
    - **First four months:** A maximum of **45%** of the total amount appropriated in the previous annual budget.
    - **Subsequent months:** A maximum of **10%** of the total amount appropriated in the previous annual budget *per month*.
    - **Overall limit:** Expenditure under Section 29 *cannot exceed 100%* of the previous year's total appropriation.
- Expenditure under Section 29 must be in accordance with any conditions that may be prescribed by the National and Provincial Treasury.

Implications for departments and public entities

- Accounting Officers / Authorities must carefully manage expenditure under Section 29 to remain within the prescribed limits and for previously approved services.
- Departments and public entities need to prioritize spending on core functions and previously funded programs during this interim period. New programs or expansions typically cannot be funded under Section 29.
- Even with Section 29, delays in the full budget approval will create cash flow challenges for departments and public entities, requiring careful financial planning.
- Accounting Officers / Authorities are required to report on expenditure under Section 29 to their Executive Authority and the Provincial Treasury.
- If the national budget is significantly delayed, it will have a knock-on effect on the finalization of provincial budgets and the period during which the province can rely on Section 29 provisions.

4. CONCLUSION

Section 29 of the PFMA provides a necessary mechanism for the continuation of government functions when budget approval is delayed. All provincial institutions must understand and adhere to the limitations and conditions outlined in this section 29 of the PFMA to ensure responsible financial management and uninterrupted service delivery.

Timely budget approval remains the ultimate goal to ensure proper planning and allocation of resources.

MS. GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 16-05-2025