



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. 56 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 PROVINCIAL MEDIUM TERM EXPENDITURE COMMITTEE HEARINGS (PMTECHS)

The current budget process has not kept pace with the country's evolving fiscal, institutional, and political realities. The experience of the 2025 budget cycle exposed critical limitations: fragmented decision-making, insufficient policy-budget alignment, and weak consensus on trade-offs in a context of competing priorities and limited fiscal space. Detail baseline analyses remain critical in preparing MTEF plans. Provincial treasuries and provincial departments are required to work jointly to interrogate baseline budgets, identify opportunities for savings and efficiency gains, and assess duplication, relevance and performance of programmes.

To enhance the integration of policy alignment, planning, budgeting and implementation, provincial MTECs will be conducted and used as one of the platforms that encourage joint planning between departments, municipalities and public entities. Also further promote the alignment of provincial budgets with strategic planning documents in support of inclusive growth and transformation.

The MTEC will discuss the Terms of References (TORs) indicated below with each department and public entities, and present recommendations to the Premier's Budget and Finance Committee and Cabinet. The meetings will be held on **14, 15 and 16 October 2025** as per attached schedule, the venue to be confirmed at a later stage. The delegation to be led by the Executive Authority supported by the Accounting Officer, Chief Financial Officer, Infrastructure Manager, Planner and other senior officials deemed relevant. In preparation for the discussions, all votes and entities are requested to compile a presentation responding to the TORs and submit it to the Provincial Treasury by **no later than Friday, 26 September 2025**, covering the following:

ALLOCATIVE EFFICIENCY AND STRATEGIC ALIGNMENT

- Outline how the departmental budget responds to:
 - The Provincial Medium-Term Development Plan (MTDP).
 - Sectoral priorities (e.g., ECD expansion, school norms inflation adjustment).
- Identify programmes for reprioritization or rationalization under the Targeted and Responsible Savings (TARS) framework, baseline reductions and trade-offs to create fiscal space for high-impact priorities.
- Demonstrate implementation of GTAC spending review recommendations.
- Identify budget risks and pressures for the remainder of 2025/26 and across the 2026 MTEF, present mitigation strategies and funding options.

COMPENSATION OF EMPLOYEES (COE) AND HEADCOUNT MANAGEMENT

- Discuss the departmental Human Resource Budget Plans (HRBP) and alignment with compensation ceilings.
- Assess impact of the DPSA Payroll Directive and wage negotiations on departmental CoE sustainability.
- Discuss uptake and affordability of Early Retirement (ER) and Voluntary Exit Incentives.
- Evaluate risks of critical post vacancies and service delivery implications.

FINANCIAL GOVERNANCE

- Progress on addressing audit findings from Auditor-General.
- Status of implementation of audit action plans and internal control improvements.
- Report on current UIFW balances (unauthorized, irregular, fruitless & wasteful expenditure) and estimated finalization dates to address these balances. Measures taken to prevent recurrence and improve compliance.
- Report on progress to address Material Irregularities

REVENUE ENHANCEMENT

- Present turnaround plans for underperforming revenue streams (e.g., resorts, traffic fines, licensing, spot fines, permits).
- Explore digitization and automation of revenue collection systems.
- Outline resources required to support revenue enhancement initiatives and envisaged return on investment over the MTEF.

DEBT MANAGEMENT

- What are strategies in place to reduce the debt book of the Department, including addressing issues such as debts from ex-employees and double/over payments to suppliers.

PARTNERSHIPS FOR SERVICE DELIVERY AND INVESTMENT ATTRACTION

- Identify existing and planned partnerships with private sector, NGOs, and development agencies.
- Present service delivery programmes supported through partnerships or donor-funded initiatives.
- Discuss investment attraction strategies aligned with provincial goals.
- Evaluate readiness for blended finance models and PPPs.
- Highlight regulatory or policy support needed to unlock partnerships

PROCUREMENT ISSUES

- Current SCM staffing levels and skills gaps. Plans to professionalize and capacitate SCM units over the MTEF.
- Reflection on the alternative procurement/delivery models being considered for implementation by the department in the delivery of goods, services and infrastructure – with the aim of improving value for money? What are the implementation timelines and expected savings?
- How are inefficiencies/ fiscal leakages – being addressed by the department?

INFRASTRUCTURE

- Present strategic infrastructure projects underway or planned.
- Discuss impact of current year performance on future allocations.
- Outline prioritization criteria for Table B5 projects.
- Provide operationalization plans for completed infrastructure.

PUBLIC ENTITIES – TORs

- Alignment of strategic plans and budgets with core mandates - Review the continued relevance and sustainability of the entity's mandate.

- Performance against service delivery targets and financial indicators - Review 6-month financial performance against budget allocations. Identify under/over-expenditure trends and their implications for service delivery.
- Risk management and budget pressures - Identify key financial and operational risks for the remainder of the year and MTEF. Present mitigation strategies and funding requirements. Highlight any unforeseeable budget pressures and proposed adjustments.
- Revenue generation strategies and sustainability outlook - Discuss strategies for enhancing revenue generation and reducing reliance on transfers. Explore opportunities for commercialization of services and asset optimization. Present turnaround plans for underperforming revenue streams (e.g., resorts, permits).
- Partnerships and investment attraction - Identify existing and potential partnerships to enhance service delivery. Present investment attraction strategies aligned to the entity's mandate. Explore blended finance and public-private partnership opportunities.
- Governance and compliance status, including audit outcomes
- Infrastructure and capital investment plans, including operationalization.

Your co-operation in this regard is highly appreciated.



MS. GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 24-08-2025