



Rationalisation of Planning, Budgeting and Reporting Requirements for the 2026/27 MTREF: Addendum 7

This circular provides an update to all municipalities on the preparation of statutory planning and reporting documents required for the 2026/27 Medium Term Revenue and Expenditure Framework (MTREF). It is for the attention of all municipalities and **applies to all categories of municipalities.**

CONTENTS

1	<u>INTRODUCTION</u>	<u>3</u>
2	<u>PLANNING AND BUDGETING REFORMS AND GUIDANCE</u>	<u>3</u>
2.1.1	SIGNALLING UPDATE OF THE MFMA CIRCULAR NO. 13	3
2.1.2	METRO TRADING SERVICES REFORM UPDATE	3
2.1.3	UPDATED GUIDELINES FOR THE LOCALISATION OF GOVERNMENT PLANS IN THE CONTEXT OF THE DISTRICT DEVELOPMENT MODEL	4
2.1.4	GEOSPATIAL INFORMATION MANAGEMENT STRATEGY	4
2.1.5	REVISED NATIONAL EVALUATION POLICY FRAMEWORK	4
3	<u>REPORTING GUIDANCE AND CLARIFICATIONS</u>	<u>5</u>
3.1	TIMEFRAMES FOR REPORTING SUBMISSIONS	5
3.2	ADVISING ON TARGETS FOR INDICATORS WITH BANDS OF GOOD PERFORMANCE	6
3.3	ADDRESSING THE RESOLUTION OF DATA AND SYSTEM LIMITATION ISSUES	6
3.3.1	REPORTING INDICATORS THAT HAVE IDENTIFIED SYSTEM CHALLENGES	6
3.4	TECHNICAL INDICATOR DESCRIPTIONS AS DEFINITIONAL FRAMEWORKS	7
3.4.1	REITERATION OF THE USE OF SOPs BY MUNICIPALITIES	7
3.5	ADDRESSING THE TARGETING AND TRACKING OF OUTCOME INDICATORS OVER THE MEDIUM-TERM	8
3.5.1	DISTINGUISHING BETWEEN ANNUAL OUTPUT ACCOUNTABILITY FROM OUTCOME MONITORING AND REPORTING	8
3.6	PROTOCOL FOR ADDRESSING ISSUES ARISING FROM AUDIT AND ASSURANCE PROCESSES	9
4	<u>REVISIONS TO THE INDICATORS AND APPLICATION ACROSS MUNICIPALITIES</u>	<u>9</u>
4.1	DEFINITIONAL CLARIFICATION AND INDICATOR REVISIONS	9

4.2	CONTINUED INSTITUTIONALISATION OF THE REFORM IN OTHER CATEGORIES OF MUNICIPALITIES.....	10
5	<u>UTILISATION AND DISSEMINATION OF MFMA CIRCULAR NO. 88 DATA.....</u>	<u>10</u>
5.1	PUBLISHING AND DISSEMINATING DATA	10
5.2	USE OF MFMA CIRCULAR NO. 88 FOR THE SOLG AND SECTION 48 REPORT GUIDELINES.....	10
6	<u>AMENDMENT OF THE MUNICIPAL SYSTEMS ACT: MUNICIPAL PLANNING AND PERFORMANCE MANAGEMENT REGULATIONS OF 2001.....</u>	<u>11</u>
6.1	LEGISLATIVE CONTEXT	11
6.2	REVISED INDICATORS FRAMEWORK.....	11
6.3	DIFFERENTIATED APPLICATION.....	11
6.4	STREAMLINED REPORTING PROCESS.....	12
6.5	INDICATOR SCHEDULE.....	12
6.6	EVALUATION INTEGRATION	12
6.7	SUPPORT TO MUNICIPALITIES.....	12
6.8	TRANSITION	12
7	<u>CONCLUSION</u>	<u>13</u>

Appendix A – Overview of all prescribed indicators

Appendix B – Technical Indicator Descriptions for all prescribed indicators

Appendix C – Overview of changes to all prescribed indicators

1 Introduction

The Municipal Finance Management Act (MFMA) Circular No. 88 of November 2017 provided guidance to metropolitan municipalities on a common set of performance indicators, applicable from the 2018/19 planning and reporting cycle onwards. Since then, the National Treasury, the Department of Cooperative Governance (DCoG) and the Department of Planning, Monitoring & Evaluation (DPME) have issued annual addendums between 2019 and 2024 to further guide and clarify the preparation of planning, budgeting and reporting documents for the Medium-Term Revenue and Expenditure Framework (MTREF). This document is the 7th Addendum, issued for implementation in the 2026/27 MTREF.

It includes additional guidance on planning, budgeting, and reporting, together with indicator definitional updates and further clarifications. The Addendum is reflective of the reforms work completed to date, which should be factored into municipal planning, budgeting, and reporting for the 2026/27 MTREF. This reform will continue to be incrementally implemented in the 2026/27 MTREF and apply on a differentiated basis per municipal category.

2 Planning and budgeting reforms and guidance

2.1.1 Signalling update of the MFMA Circular No. 13

As communicated in the previous Addendums, the National Treasury will be updating MFMA Circular No. 13 to provide clearer guidance to municipalities on the development of Service Delivery Budget implementation Plans (SDBIPs). In the interim, and pending the finalisation of this update, the following key consideration should be taken into account when preparing the SDBIP:

Distinction between Top-Layer SDBIP and departmental plans

It has been noted that many municipalities have elevated individual projects and operational indicators into the top-layer SDBIP, which removes the aggregate view and strategic perspective that the Top Layer SDBIP is intended to provide. These projects should instead be placed in the appropriate departmental or business plans, allowing the top layer to focus on high-level, consolidated performance indicators. The purpose of the Top-Layer SDBIP is to support performance monitoring and reporting by presenting the municipality's key strategic performance commitments that give effect to the IDP and the approved budget. All departmental and operational indicators, detailed activities or projects must be planned and reported in departmental or business plans, not included in the Top-Layer SDBIP.

2.1.2 Metro Trading Services Reform update

The Metro Trading Services (MTS) reform is in full implementation across the 8 metros. The November 2025 Medium Term Budget Policy Statement (MTBPS) has once again reiterated government's commitment to this reform and indicated that "An amount of R54 billion is set aside over a six-year period to support municipal capital budgets and unlock private investment by improving metro's revenue and borrowing capacity." The Division of Revenue Amendment Bill for 2025/26 has confirmed budget allocations for metros and trading services (businesses) that are in cohort 1 of the reform.

The MTS reform aligns and draws upon several reforms and processes for local government including the MFMA Circular No. 88 reporting reform process. The A3 – Performance Improvement Action Plans (PIAPs) that will be finalised by metros by June 2026 sets out the performance areas of the reform including the targets for the prescribed indicators. Through the MFMA Circular No. 88 Technical Working Group (TWG) sessions, the process of aligning the

MTS reform performance indicators and the MFMA Circular No. 88 indicators has been initiated. Where possible the MTS reform operational indicators for water and sanitation, electricity and energy, and solid waste management have been aligned with MFMA Circular No. 88 indicators or indicator development processes.

Aligning the MTS reform and MFMA Circular No. 88 indicators not only streamlines the reporting for metros but is also mutually beneficial for both reforms. A key consideration for both reforms is the issue of data quality in relation to the indicators. There have been ongoing engagements with metros, through the MFMA Circular No. 88 processes, including the issuance of feedback letters to highlight concerns on indicator data quality. Noting that the MTS reform is linked to a performance incentive, the importance of data quality and consistency in measuring data for indicators over the period of the reform is essential.

Further information on the progress of the MTS reform is reflected in MFMA Budget Circular No. 131 for the 2026/27 MTREF and Guidance Note 5: Minimum Commitments with Annexures A and B.

2.1.3 Updated Guidelines for the Localisation of Government Plans in the Context of the District Development Model

The Regulations on the institutionalisation of the District Development Model (DDM) published on 10 May 2024 indicate that DPME must provide strategic leadership and technical support in the localisation of national and sectoral plans within identified One Plan. To give effect to this mandate, the DPME is updating the 2021 Guidelines for Localisation of Government Plans in the context of the DDM.

The updated Guidelines will reflect roles and responsibilities, including those for local government, revised in line with the Regulations on the institutionalisation of the DDM. This update will also reflect the revised key government priorities set out in the Medium-Term Development Plan (MTDP) 2024 – 2029 and provide additional guidance on the linkages and interfaces between the various types of plans, as well as how these are integrated into planning processes. Furthermore, guidance is provided on the cascading of long-and medium-term plans into the short-term planning instruments to ensure accountability across stakeholders.

The Guideline will be finalised in March 2026 for implementation.

2.1.4 Geospatial Information Management Strategy

To support the effective use of spatial data across government, DPME has developed the Geospatial Information Management Strategy (GIMS). GIMS, is an initiative to use location data and technology to improve policy planning, implementation, and monitoring. The strategy was launched by the DPME in September 2025 and aims to build a "spatially intelligent state" by integrating all government data with a "where" component to create a unified view of the nation's development needs and progress. The strategy calls for collaboration across government departments, the private sector, academia, and communities to ensure that all government plans reflect the spatial realities of South Africa and deliver a "better life for all". The public can access information and track government progress through the GIMS initiative, fostering citizen engagement.

2.1.5 Revised National Evaluation Policy Framework

As part of efforts to enhance the government-wide planning, monitoring and evaluation, DPME has drafted a revised National Evaluation Policy Framework (NEPF), following a review of the last NEPF (DPME, 2019). The NEPF broadens evaluative practices and approaches that are available to suit different contexts and capacities, including evaluative thinking in monitoring,

evaluative workshops, rapid evaluations, evidence synthesis, performance and expenditure reviews (PERs), institutional reviews, systems thinking and foresight tools. Together, these approaches support fit-for-purpose evaluations that are responsive to policy priorities.

The 2019 NEPF expanded the scope of evaluation policy to local government, but there has been uneven uptake among metropolitan municipalities and across the 44 district municipalities that were expected to develop Metro and District Evaluation Plans. Issues of municipal capacity and resourcing have been identified as key factors limiting evaluation practice in local government.

The forthcoming revised National Evaluation Policy Framework (2025) will further advance the institutionalisation of evaluation in local government and support the strengthening of evaluative practices as part of wider strategic shifts in the policy framework. The planning, budgeting and reporting reforms are intended to be complementary to this evaluation policy trajectory, supporting the availability of planning, budgeting, expenditure data and performance reporting for the purposes of evaluation and evidence-informed decision-making. The coordination of performance reporting requests among key institutional stakeholders and the improvement in the quality of municipal performance information are intended to ensure better quality data is available and shared across public sector role-players for evaluative purposes. Improved performance reporting should, in turn, lead to the identification of areas of service delivery that are suitable for evaluation.

This addendum update further reiterates that planning, budgeting, and reporting reforms should be seen within a broader policy and programme cycle intended to make use of evidence for better performance, accountability, knowledge generation and decision-making.

3 Reporting guidance and clarifications

3.1 Timeframes for reporting submissions

For planning and reporting purposes, all municipalities must adhere to the reporting submission deadlines of all performance indicators and data elements applicable to their category of municipality, as outlined in the MFMA Circular No. 88.

Table 1: Reporting timeframes for MFMA Circular No. 88 reporting

Report Title	Due Date for C88 Reporting
Q2 Report 2025/26 (Oct 2025 – Dec 2025)	31 January 2026
Annual + Q4 Report Verified 2024/25 (Jul 2024 – Jun 2025) (Metros only)	31 January 2026
Q3 Report 2025/26 (Jan 2026 – Mar 2026)	30 April 2026
Annual + Q4 Report 2025/26 (Jul 2025 – Jun 2026)	31 August 2026
Q1 Report 2026/27 (Jul 2026 – Sep 2026)	31 October 2026
Q2 Report 2026/27 (Oct 2026 – Dec 2026)	31 January 2027
Annual + Q4 Report Verified 2025/26 (Jul 2025 – Jun 2026) (Metros only)	31 January 2027

For both the 2025/26 and 2026/27 financial years, metropolitan municipalities will continue to use the online reporting protocol, which requires the upload of populated MFMA Circular No. 88 reporting templates with a scanned report signed off by the Municipal Manager. All other categories of municipalities will continue to submit their quarterly reports in line with the directives and guidance by the Department of Cooperative Governance (DCoG).

All municipalities are required to comply with the submission timeframes and deadlines outlined in the above table. Due to the different reporting dispensations between categories of

municipalities, only metropolitan municipalities are required to resubmit Quarter 4 and Annual Reports after the conclusion of audit assurance processes in January of the new year.

3.2 Advising on targets for indicators with bands of good performance

Norms and standards set out in government policy, legislation and regulation do sometimes reflect performance bands that are considered good practice. MFMA Circular No. 71 – Uniform Financial Ratios and Norms (2014) and the Department of Water & Sanitation’s Compulsory National Water & Sanitation Services Standards (2025) are two cases in point. Target setting should be informed by the municipality’s performance trajectory, while still giving due consideration to the prescribed performance bands. Municipalities may exercise discretion but should avoid setting targets outside the prescribed standard insofar as possible.

To assist municipalities, where service norms or standards set out in policy or in government regulations specify performance bands, these bands have been reflected in the rationale of the Technical Indicator Descriptions (TIDs).

3.3 Addressing the resolution of data and system limitation issues

The MFMA Circular No. 88 – Addendum 4 (2023) provided practical guidance for municipalities facing data and system limitations when struggling to report on certain indicators. It specifically acknowledged that capacities, resource limitations and the necessary data management systems may differ across municipalities, and that these challenges be acknowledged and addressed rather than reporting unreliable or incomplete data.

In such instances, all municipalities have been asked to: i) identify the reasons for the lack of data; ii) specify what steps are being undertaken to provide data in the future; and iii) provide an estimated date when data will be available. However, despite this provision, municipalities continue to omit data and cite system limitations without taking steps to resolve them. It is therefore necessary to give clearer and firmer guidance on this matter.

For the purposes of target-setting and accountability, if a municipality is unable to report on an indicator, it should include the list of affected indicators in a separate table within its statutory planning documents and clearly cite the specific system limitation affecting each indicator. Instead of setting a target for the indicator value, the municipality should specify the steps it will be taking across quarters, and by when it intends to report on the indicator. In the absence of performance reporting on the indicator as intended, the municipality should then be held accountable for demonstrating progress on the resolution of the data and system challenges.

The National Treasury will review and scrutinise updates to any actions taken for indicators with data and system limitations to determine the adequacy of the steps taken for resolution of these issues. Municipalities that continue to cite system limitations without showing meaningful progress will face consequences for non-compliance. As a first step, the National Treasury will issue formal non-compliance letters to metros that fail to take adequate corrective action. Should non-compliance persist, the National Treasury may invoke Section 216(2) of the Constitution, which includes the withholding of the Equitable Share and conditional grants.

3.3.1 Reporting indicators that have identified system challenges

Some municipalities have systems in place to report on indicators, but when their data is subjected to either internal or external assurance processes, shortcomings are identified. These reliability or completeness issues then lead some municipalities to cease reporting on the indicator and cite data and systems limitations as a result. Withdrawing from reporting on a reportable indicator because an audit finding was raised during the assurance process is not acceptable. This practice is counter-productive, undermines the progressive realisation of the reform, and suggests an “all or none” approach to data quality and reporting.

In Addendum 6, section 3.3 (2024,) municipalities were advised that even if their systems for reporting on a particular indicator are found to be incomplete or inadequate, they should continue to plan for and report on the indicator for performance monitoring purposes, to the extent that their systems allow. For the purposes of managing administrative risk in statutory plans and reports, such indicators should still be reflected in a separate table identified as facing data and system limitations, as stated above. Municipalities are reminded that quarterly and annual reporting submissions to the National Treasury, via the circulated templates, should include all data which the municipality is able to report, while simultaneously acknowledging any challenges it is facing. This should not result in the withdrawing or withholding of performance information that is otherwise reportable. At the same time, municipalities can be assured that they will not be penalised for reporting data they have available while they continue to resolve challenges in the administration of data sourcing, collection, collation and management.

3.4 Technical Indicator Descriptions as definitional frameworks

Municipalities have requested clarity on the application of Technical Indicator Descriptions (TIDs) provided in Appendix B of MFMA Circular No. 88 and its addendums. Specifically, there has been a question if TIDs serve as a 'minimum definitional provision' from which additional definitional elements can be added or amended. It is therefore clarified that TIDs do not serve as a 'minimum definition' to which further definitional elements and provisions can be added, thereby substantially altering the indicator's standardised application and comparability. The TIDs provide a standardized definitional framework, setting out the concepts and technical parameters against which municipalities report. They provide for a degree of operational flexibility *within the definitional parameters of the TIDs*. The best way to manage this is to ensure that the municipality's Standard Operating Procedures (SOPs) for each indicator operate fully within the definitional provisions of the TIDs. Where a concept or element of an indicator is absent or omitted from the TID, municipalities should seek guidance from the relevant policy and technical custodian if their interpretation of the indicator falls outside the TID's definitional provisions.

3.4.1 Reiteration of the use of SOPs by municipalities

The original MFMA Circular No. 88 (2017), Addendum 4 (2022) and Addendum 5 (2023) provided guidance on the development of standard operating procedures (SOPs) for each indicator. All municipalities should develop SOPs for MFMA Circular No. 88 indicators applicable within their context.

With TIDs serving as the definitional frameworks that municipalities must apply, it is reiterated that SOPs are intended to provide the operational explanation outlining the necessary steps, responsible parties, frequencies, and sequence of activities for regularising the supply of the data required for indicator reporting. The SOP is intended to provide clear set of procedures regarding the sourcing of data, responsibility of data collectors, methods for collation and maintenance, quality review and portfolios of evidence used to substantiate reporting on the indicator.

Municipalities have operational flexibility within the definitional parameters of the TID. The TIDs provide the rationale, conceptual definitions, formulas, and data elements for indicator standardisation. However, the operationalisation, including the institutional configurations, systems, processes, and responsibilities are at municipal discretion and are not prescribed in terms of the TIDs. SOPs play a crucial role in documenting how municipalities operationalise the TIDs.

3.5 Addressing the targeting and tracking of outcome indicators over the medium-term

Municipalities are reminded of the planning and target-setting distinctions for outcome indicators. Specifically, outcome indicators are meant to be planned for and tracked over the medium-term, linked to the term of local government. This means that target-setting for outcome indicators is the purview of the Integrated Development Plan (IDP), and that it is not recommended that outcome indicators be included within municipal Service Delivery Budget implementation Plans (SDBIPs). The intention has always been that SDBIPs should include measurements of products, services and outputs delivered by the municipal administration, as distinct from the effects or changes to behaviour, environment or systems (outcomes) arising from those outputs.

A source of confusion has been the expectation that outcome indicators should be reported in municipal Annual Performance Reports, as set out in MFMA Circular No. 88 (2017). This is where the inclusion of outcome indicators in annual reporting serves an important monitoring and tracking purpose with a public interest benefit of reporting the strategic progress annually. Since output indicators have been conceptualized in relation to outcomes, it is appropriate that reporting on them occurs within the context of tracking the desired end result. Thus, outcome indicators should still be reported on, albeit in relation to a *medium-term target* which the local government is responsible for. Municipalities retain the discretion to determine whether they would like to set annual targets for outcome indicators and include them within their SDBIPs, but it is not recommended.

When reporting on outcome indicators in the Annual Performance Report, municipalities are advised to clearly label these measurements as outcome indicators. This refers to outcome indicators that were not initially included in the SDBIP as per the National Treasury guidance. Practically, outcome indicators should be distinguished from output indicators by specifying their medium-term target linked to the term of government (2026/27 FY). They should include baseline and annual reporting on the indicator for the financial year. Unlike output indicators in the SDBIP, which are assessed annually, municipalities are only required to note the steps they will take to improve performance in line with achieving the medium-term target for outcome indicators. Reporting on outcome indicators in the 2026/27 financial year should therefore be provided in relation to these medium-term targets.

3.5.1 Distinguishing between annual output accountability from outcome monitoring and reporting

Indicators planned within the SDBIP may have quarterly or annual reporting frequencies and targets, but they are assessed annually. These indicators are intended to operate at the output level and to be directly linked to the performance agreements of senior managers within the municipal administration. As such, output indicators carry clear individual accountability and responsibility for the municipal administration, which differs fundamentally from the nature of outcome indicators. Outcome indicators are formulated to reflect the broader, desired results of municipal service delivery. The tracking of municipal products, services and processes is therefore understood in relation to these wider outcomes, which typically take longer to materialise and show measurable shifts or changes effected.

As a result, this temporal and accountability distinction between output and outcomes indicators is reiterated: output indicators are for annual planning and reporting in the APRs, while outcome indicators are monitored and tracked within the APRs as a matter of transparent monitoring and reporting of progress to the public, rather than for assessing the annual performance of the administration. However, at the end of the five-year local government term, the performance on the outcome indicators should be reported and assessed in the APRs.

3.6 Protocol for addressing issues arising from audit and assurance processes

During audit cycles, metros frequently raise MFMA Circular No. 88 indicator queries, mainly due to differing interpretations between municipal officials and the Office of the Auditor-General South Africa (AGSA). In several cases, metros have approached the National Treasury seeking intervention to advise on matters of definitional interpretation and to mediate on matters considered related to the implementation of the reform. However, there has been no standardised internal process within the National Treasury to manage such queries, resulting in delays in providing feedback to municipalities; misunderstanding of National Treasury's role, with some expecting it to mediate audit disputes between municipalities and the AGSA; and missed opportunities for institutional learning and improvement of MFMA Circular No. 88 guidance.

The National Treasury has therefore developed a protocol to reaffirm that it is not a mediator or arbitrator in audit disputes. The role of the National Treasury and sector departments is to provide guidance on policies, frameworks, and technical interpretation of MFMA Circular No. 88 indicators. The National Treasury does not intervene in disagreements over audit outcomes; such matters remain strictly between the municipality and the AGSA, which already has formal processes and dispute-resolution mechanisms in place.

The introduction of this protocol will ensure a consistent approach to handling queries from municipalities related to the assurance process. It will also establish a mutually understood process for escalating queries to sector departments or the AGSA, where necessary, and will promote timely and transparent resolution of queries by the appropriate role-players, whether the National Treasury, sector departments, or the AGSA. In addition, the protocol will support the systematic cataloguing of queries to inform the development and update of the Frequently Asked Questions (FAQ) document.

4 Revisions to the indicators and application across municipalities

The sector departments and municipal engagements informing this update to MFMA Circular No. 88 have comprised consultations through the Technical Working Groups (TWGs), bilateral engagements with departments, and discussions with municipalities, among others. The TWGs have produced technical recommendations for the further revision and addition of indicators for planning, monitoring, and reporting in local government. These consultations have been intentional and seek to further progress review of the indicator set in terms of Section 43 of the Municipal Systems Act, while ensuring buy-in and support for the process across local government stakeholders.

As a result of the inputs received from the sector TWGs, there are several indicators with further definitional clarification, changes and interim formulation based on the sectoral feedback provided.

4.1 Definitional clarification and indicator revisions

Where indicators have been identified for definitional revision, these clarifications and revisions are detailed in **Appendix C – Indicator changes overview**. Please refer to Appendices A and B for the full list of indicators and the applicable TIDs for 2026/27 planning and reporting. The detail related to clarification and changes per TID are reflected in Appendix C. This appendix distinguishes between **Indicators with changes**, **Indicators with clarifications**, and **Indicators with interim definitions** (Refer to Appendix C for further information).

4.2 Continued institutionalisation of the reform in other categories of municipalities

The institutionalisation of the MFMA Circular No. 88 in non-metro municipalities remains uneven across provinces and municipalities, highlighting the need for continued support and capacity building.

As the reform progresses, Intermediate Cities, District Municipalities and Local Municipalities will still not be required to incorporate MFMA Circular No. 88 indicators into their IDP and SDBIP indicator tables. Instead, the indicators must be reflected in a dedicated Annexure to these documents, with planning and reporting occurring in parallel to statutory requirements. As a result, this category of municipalities will continue submitting quarterly and annual data to provincial CoGTAs and DCoG but will not report MFMA Circular No. 88 indicators through APRs. This staggered and parallel approach will continue to enable municipalities to progressively institutionalise the planning, monitoring, and reporting processes in preparation for the eventual full regulation of the MFMA Circular No. 88 indicator set. Linked to the process of amending the Municipal Planning and Performance Management Regulations of 2001, it is proposed that further details on the implementation roll out will be provided through a Notice in the Government Gazette when the process of amending the regulations will be concluded. Please refer to a possible phased implementation timeline in Paragraph 6 below.

To increase uptake of reporting in non-metro municipalities, DCoG will continue to implement targeted initiatives, including enhanced scrutiny and feedback via provincial CoGTAs, further capacitation of provincial monitoring and evaluations (M&E) coordinators, the use of consolidated planning and reporting templates for Intermediate Cities, Districts and Locals, and the establishment of Intermediate City and District Support Forums.

5 Utilisation and dissemination of MFMA Circular No. 88 data

5.1 Publishing and disseminating data

The National Treasury will continue to publish metro MFMA Circular No. 88 performance data in the quarterly Section 71 publication to ensure it is widely accessible for public use. Making this information publicly available strengthens transparency and accountability to enable communities and key stakeholders to assess municipal performance and service delivery outcomes. The MFMA Circular No. 88 performance data will always form part of broader publications designed to support oversight and allow the public to determine whether municipalities are delivering value for money through their budgeting, planning and implementation efforts.

5.2 Use of MFMA Circular No. 88 for the SOLG and Section 48 report guidelines

MFMA Circular No. 88 will continue to serve as a key source of performance information for the State of Local Government (SOLG) Report and for the development of the Section 48 reports in terms of the Municipal Systems Act. The standardised indicators and reporting protocols established through MFMA Circular No. 88 provides comparable performance information that can be used to assess municipal performance across local government. Incorporating MFMA Circular No. 88 data into the SOLG and Section 48 processes ensures timely assessments and alignment across government reporting requirements and enables a more accurate reflection of the state of service delivery, financial health, and institutional capability of municipalities.

The guidelines to serve as a reporting framework informing the draft regulations on the amendment of the Municipal Planning and Performance Management regulations aim to rationalise, and streamline monitoring and reporting in future so that only municipal performance report will be produced in terms of Sections 47 and 48 of the Municipal Systems Act to address duplication between the SOLG report and Section 48 report processes.

6 Amendment of the Municipal Systems Act: Municipal Planning and Performance Management Regulations of 2001

This section serves to inform all municipalities of the intended amendments to the Local Government: Municipal Planning and Performance Management Regulations of 2001. These changes are designed to update local government indicators, streamline monitoring and reporting requirements, and consider integration of evaluation practices to enhance performance monitoring and management across South African municipalities.

Extensive consultations occurred in 2024 on the amendment of the Municipal Planning and Performance and Management Regulations to solicit inputs and comments from various stakeholders in local government. The inputs and comments from these consultations were received, consolidated, and used to develop draft regulations by the end of March 2025. In the 2025/26 financial year, DCoG requested written inputs on this draft regulations. The written inputs received were subsequently consolidated and incorporated into a revised version of the draft regulations. The draft regulations will be published for public comment in the Government Gazette. Once the public consultation has concluded, the revised draft regulation will be amended and submitted to the State Law Advisor for legal review before submission to the Minister for approval.

The draft regulations provide that the detail to inform the regulations in terms of the format and method for reporting must be prescribed by the Minister in a notice in the Government Gazette. To support this, draft guidelines have been developed to provide a broad framework for monitoring and reporting on local government performance in terms of Section 46, 47 and 48 of the MSA, with the aim of aligning and streamlining performance monitoring and reporting across government spheres. The guidelines also include a proposed priority set of MFMA Circular No. 88 indicators for municipalities to report on.

6.1 Legislative Context

The revisions align with Sections 43 and 49 of the Municipal Systems Act, 2000 and consider the Municipal Finance Management Act, 2003 ensuring compliance with statutory reporting and auditing requirements. On promulgation of the Amended Municipal Planning and Performance Management Regulations, the Minister of Cooperative Governance will issue a formal Notice communicating the regulatory requirements for municipal performance in accordance with Sections 43 and 49 of the Municipal Systems Act.

6.2 Revised Indicators Framework

Adoption of a prioritised subset of standardised MFMA Circular No. 88 indicators, differentiated by municipality type. These indicators will become regulatory requirements and must be integrated into municipal planning and reporting, possibly from the 2026/27 financial year onward, if approved and promulgated by that time.

6.3 Differentiated Application

General performance indicators (prioritised set) are mandatory; other MFMA Circular No. 88 indicators may be selectively incorporated based on relevance and capacity. Conditional application may be linked to financial incentives or grant conditions.

Possible phased Implementation Timeline

	Time frame
Draft regulations for public comment	December 2025
Completion of the state law advisor process and revised draft regulations developed	March 2026

Consideration and approval by the Minister and promulgation of the Amended Regulation	From April 2026
Reporting on revised indicators	
District Municipalities and Intermediate Cities	July 2026 to June 2027 and onwards (at earliest if approved and promulgated)
Integration by all remaining local municipalities	July 2027- June 2028 (onwards)

6.4 Streamlined Reporting Process

Quarterly and annual performance reporting in terms of general key performance indicators, with interim and final reporting timelines for Sections 46, 47, and 48 to reduce delays and improve responsiveness to underperformance.

6.5 Indicator Schedule

Appendix D-1 of the above draft Guidelines lists the specific indicators for each municipality category, covering infrastructure, service delivery, financial management, governance, and local economic development. These include both outcome measures and constituent data elements for standardised calculation.

This is a sub or priority set of indicators from MFMA Circular No. 88 which has been proposed to assist in the preparation of quarterly and annual reporting for sections 46 and 47 of the MSA. Further consultations will occur on this work to collate inputs.

6.6 Evaluation Integration

Consideration of the introduction of evaluation as a distinct function, supporting learning and improvement without imposing mandatory compliance burdens on all municipalities.

6.7 Support to municipalities

DCoG together with the provincial CoGTAs continued to provide support to municipalities in the institutionalisation of the MFMA Circular No. 88. Progress and updates on the amendment of the draft regulations were presented through M&E forums in provinces and municipalities.

DCoG will provide guidance on the roll out of the reform to the non-metropolitan municipalities in preparation for the next phase of implementing the 2001 regulations. It is proposed that a staggered approach be implemented to ensure that all municipalities are supported and capacitated on MFMA Circular no. 88 processes. Possible implementation of the regulations is anticipated in 2026/27 financial year and will be instituted progressively across different municipal categories. Further details on this process will be outlined in the Notice to be published in the Government Gazette. The municipalities will be supported through the following interventions:

- Technical Working groups
- District/Intermediate City Support Forum
- Interactive FAQ platform
- Feedback letters.

6.8 Transition

Municipalities should prepare for the transition and ensure readiness for compliance with the new regulatory requirements.

7 Conclusion

This Addendum and its appendices are an update to the MFMA Circular No. 88 dated 30 November 2017, as well as the five Addendums dated 04 December 2019, 17 December 2020, 20 December 2021, 19 December 2022, 18 December 2023, and 30 December 2024. The Addendum must be read together with the original circular and the subsequent updates and relevant appendices. Furthermore, this Addendum provides guidance to all categories of municipalities.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

Mamotabo Mohlala Chief Director: Local Government & Human Settlements Department of Planning, Monitoring and Evaluation	Maphuti Leta Chief Director: Knowledge Management, Monitoring and Reporting Systems Department of Cooperative Governance	Jan Hattingh Chief Director: Local Government Budget Analysis National Treasury
--	---	--

04 December 2025