



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

MEDIUM TERM EXPENDITURE FRAMEWORK TECHNICAL GUIDELINES 2026

South Africa's current budget process has not kept pace with the country's evolving fiscal, institutional, and political realities. A review of the budget process revealed critical limitation of the process including fragmented decision-making, poor policy-budget alignment, and weak consensus on trade-offs in a context of competing priorities and limited fiscal space. A comprehensive budget reform will be implemented for the 2026 budget that aims to clarify trade-offs, reduce waste, and prioritise high-impact programs. The [2026 MTEF guidelines](#) outline key actionable reforms to address these challenges.

The Medium Term Expenditure Framework (MTEF) Technical Guidelines 2026 are issued in terms of the Section 27(3) of the Public Finance Management Act (PFMA), which provides that the National Treasury must prescribe the format in which an annual budget must be prepared. The guidelines reaffirm government's commitment to a more disciplined, transparent, and strategically aligned budget process that supports South Africa's long-term fiscal objectives and national development priorities.

Importantly, the guidelines outline the economic environment under which the 2026 MTEF is formulated, signals recommendations from the review that will be implemented and incorporates lessons learned from the 2025 budget cycle. As a first step in the reform process, these guidelines and the accompanying budget calendar have been formally approved by Cabinet.

The fiscal objectives as set out in the 2025 budget to stabilise debt-to-GDP ratio, achieve a primary surplus, expand infrastructure investment and support social wage will continue into the 2026 budget. The principles for the 2026 MTEF include using Targeted and Responsible Savings (TARS) to create fiscal space for key priorities set out in the Medium-Term Development Plan. Some of the initiatives that will be utilised for the identification of programmes to be included in the TARS process are:

Spending reviews

- Previous work should be updated where appropriate to inform implementation;
- Outcomes of new sectoral reviews such as the Active Labour Market Policy (ALMP); and
- The review of infrastructure conditional grants should be implemented.



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New data driven approaches

- Use of technology to eliminate double dipping in social grants and other programmes (e.g. community works programme);
- Annual audit of ghost workers and payroll irregularities;
- Updated proposals on public entity and departmental rationalisation;
- Implement personnel expenditure review completed by the Department of Public Service and Administration (DPSA); and
- Finalise extended review of public entities remuneration.

Detailed technical baseline analysis and institutional reviews will ensure that departments and public entities are appropriately aligned to mandates.

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