



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

Private Bag XI15, Pretoria, 0001 | 40 Church Square, Pretoria, 0002 | Tel: +27 12 315 5111



@Treasury\_RSA



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@treasuryrsa

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## MEDIA STATEMENT

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### 2027 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) TECHNICAL GUIDELINES

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National Treasury has issued the 2027 Medium Term Expenditure Framework (MTEF) Technical Guidelines, which respond to calls for public money to be used more effectively and deliver better value for money to address national development priorities. It does so while ensuring that government reaches its goal of reducing South Africa's high public debt to more sustainable levels, so reducing the interest costs that currently consume almost one fifth of tax revenue. With the economy still growing slowly, government must continue to restrain growth in its spending and focus on priority areas.

The Medium-Term Expenditure Framework (MTEF) Technical Guidelines are issued each year in terms Section 27(3) of the Public Finance Management Act (PFMA). They prescribe the format and approach that departments and public institutions must follow when preparing their budget submissions for the next three years to the National Treasury. The National Treasury has today issued the 2027 MTEF guidelines, which covers the period 2027/28 through to 2029/30. These guidelines signal the start of the budget process, which culminates in the three-year fiscal framework that will be tabled in October 2026 and the Budget Review in February 2027.

The guidelines and the budget calendar have been formally approved by the cabinet. Extensive consultation is embedded in the budget process, and the [budget calendar](#) is now transparent and accessible to all.

The previous MTEF introduced the Targeted and Responsible Savings (TARS) initiative. This is designed to identify programmes that are not cost-effective, do not deliver on their objectives, or are low priority, and to reduce or close them. This will yield savings that can instead be used for higher priority spending and better service delivery. The Programme Assessment Matrix (PAM) was introduced to provide departments with a systematic method to evaluate the performance of each programme.

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### **Budget submissions will be guided by the following principles:**

- The 2027 MTEF is anchored in government's commitment to stabilise and gradually reduce the debt-to-GDP ratio. This means that government must continue to ensure growth in its primary budget surplus, where revenue exceeds non-interest spending by an ever-wider margin, so that it can reduce its borrowing requirement. It also means that any urgent new priority spending pressures must be funded in a way that keeps government on track to meet this fiscal objective.
- If revenues come in higher than expected in the Budget, such gains will be used only to reduce debt or address temporary spending needs such as infrastructure investment or urgent spending pressures. They will not be used to fund permanent spending increases
- Government granted fuel levy relief in response to the high oil prices resulting from the current Middle East conflict. The estimated cost of R17.2 billion was funded by lower than expected spending and higher than expected revenues, so was fiscally neutral. Any further relief measures would likewise have to be funded in a budget-neutral manner.
- Additions to the overall fiscal envelope will only be considered for priority interventions if savings have been identified through the TARS process.
- Departments must look first to reprioritise money in their existing baselines to address new spending pressures. Programmes that have consistently underperformed must be considered for reprioritisation.
- Departments must use PAM to assess programmes and public entities and evaluate their effectiveness and performance.
- Compensation budgets must remain within the limits set in the 2026 Budget. This implies that departments will need to manage their overall staff complement to remain within budget.
- Salary adjustments in public institutions should be aligned with the public service wage bill management strategy.
- National departments must ensure that policy proposals which provinces and municipalities must implement are fully costed and aligned with the fiscal framework, to avoid unfunded mandates.



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For enquiries, email [media@treasury.gov.za](mailto:media@treasury.gov.za)

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