



BUDGET FRAMEWORK

- Government's medium-term fiscal strategy aims to stabilise the debt-to-GDP ratio in the current year and to reduce it through the rest of the decade by growing the main budget primary surplus.
- Over the next three years, principal and interest payments are expected to be R21 billion lower than estimated in the 2025 Medium Term Budget Policy Statement (MTBPS).
- Revenue collections for 2025/26 are projected to be R28.8 billion higher than the 2025 Budget estimate and non-interest expenditure is increased by R22.1 billion. Government will achieve a primary surplus of 0.9 per cent of GDP.
- The consolidated budget deficit is expected to narrow from 4.5 per cent of GDP in 2025/26 to 3.1 per cent of GDP in 2028/29.
- To entrench the commitment to healthy public finances, government will introduce legislation requiring each new administration to table a medium-term fiscal plan to embed fiscal sustainability.

SPENDING PLANS

- Consolidated government expenditure is projected to increase at an average annual rate of 3.9 per cent, from R2.58 trillion in 2025/26 to R2.89 trillion in 2028/29.
- Capital payments is the fastest-growing expenditure item by economic classification, increasing by 9.7 per cent over the medium term.
- Expenditure remains strongly redistributive in line with government's commitment to reducing poverty and inequality. This is reflected in the social wage, which makes up about 60 per cent of non-interest spending over the medium term.
- Basic education, health and social protection constitute 70.3 per cent of the social wage in 2026/27, providing support to 13.6 million schoolchildren, healthcare services to 84 per cent of the population and 26.5 million social grant beneficiaries.
- Targeted and responsible savings of R12 billion have been identified and reallocated. Further savings are reallocated to strengthen state capacity in the judiciary, border management, defence and Statistics South Africa.

TAX PROPOSALS

- Gross tax revenue for 2025/26 is revised upwards by R21.3 billion compared with the 2025 Budget. The tax-to-GDP ratio increases to 25.9 per cent in 2025/26 from 25.1 per cent in 2024/25.
- The R20 billion tax increase previously pencilled in for the 2026 Budget is withdrawn.
- Personal income tax brackets and medical tax credits will be fully adjusted for inflation, after two years with no inflationary relief.
- Tax thresholds and limits are also adjusted for the impact of inflation, to assist small businesses and encourage savings.

TAX REVENUE, 2026/27

R844.8 bn Personal income tax

R521.4 bn VAT

R364.3 bn Corporate income tax

R159.4 bn Customs and excise duties

R104.9 bn Fuel levies

R132.3 bn Other

MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2025	2026	2027	2028
	Estimate	Forecast		
Household consumption	3.1	1.8	2.0	2.2
Capital formation	-2.0	2.4	3.3	3.9
Exports	-2.0	1.6	2.4	2.9
Imports	1.0	3.0	2.9	3.1
Real GDP growth	1.4	1.6	1.8	2.0
Consumer price inflation (CPI)	3.2	3.4	3.3	3.2
Current account balance (% of GDP)	-0.9	-1.0	-1.2	-1.3

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2025/26	2026/27	2027/28	2028/29
	Revised estimate	Medium-term estimates		
Revenue	2 231.7	2 345.4	2 467.3	2 612.7
	28.8%	28.6%	28.6%	28.8%
Expenditure	2 578.9	2 669.7	2 768.1	2 893.4
	33.2%	32.6%	32.1%	31.9%
Budget balance	-347.2	-324.3	-300.8	-280.7
	-4.5%	-4.0%	-3.5%	-3.1%
Gross domestic product	7 756.7	8 188.1	8 615.1	9 077.3

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION

R billion	2025/26	2026/27	2027/28	2028/29	2025/26-2028/29
	Revised estimate	Medium-term estimates			Average growth
Learning and culture	514.3	527.2	552.2	568.7	3.4%
Health	295.4	310.4	323.9	334.3	4.2%
Social development	412.2	446.6	452.9	466.4	4.2%
Community development	291.0	294.3	308.9	326.8	3.9%
Economic development	269.1	283.9	290.6	319.1	5.8%
Peace and security	268.2	274.6	282.3	291.2	2.8%
General public services	86.5	84.4	86.2	89.1	1.0%
Payments for financial assets	21.6	10.8	9.2	11.5	
Allocated expenditure	2 158.2	2 232.2	2 306.1	2 407.1	3.7%
Debt-service costs	420.6	432.4	451.4	469.3	3.7%
Contingency reserve	-	5.0	10.6	17.0	
Consolidated expenditure	2 578.9	2 669.7	2 768.1	2 893.4	3.9%

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26



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#Budget2026

2026/27 EXPENDITURE

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**CONSOLIDATED
GOVERNMENT
EXPENDITURE**

R2.67 TRILLION

R1.58 TRILLION

**SOCIAL
SERVICES**



R283.9bn

**ECONOMIC
DEVELOPMENT**

Economic regulation and infrastructure	R164.1bn
Industrialisation and exports	R45.8bn
Agriculture and rural development	R39.5bn
Labour affairs and works programmes	R13.2bn
Innovation, science and technology	R21.3bn

Basic education	R344.7bn
National Student Financial Aid Scheme	R54.3bn
University transfers	R50.5bn
Skills development levy institutions	R30.1bn
Education administration	R22.7bn
Technical & vocational education and training	R15.0bn



R527.2bn

**LEARNING
AND CULTURE**



R274.6bn

**PEACE AND
SECURITY**

Police services	R140.1bn
Defence and state security	R59.3bn
Law courts and prisons	R60.9bn
Home affairs	R14.3bn

District health services	R137.8bn
Central hospital services	R59.7bn
Provincial hospital services	R50.6bn
Other health services	R50.5bn
Facilities management and maintenance	R11.8bn



R310.4bn

HEALTH



R84.4bn

**GENERAL PUBLIC
SERVICES**

Public administration and fiscal affairs	R55.4bn
Executive and legislative organs	R19.8bn
External affairs	R9.2bn

Municipal equitable share	R110.1bn
Public transport	R70.9bn
Human settlements, water and electrification programmes	R53.6bn
Other human settlements and municipal infrastructure	R59.6bn



R294.3bn

**COMMUNITY
DEVELOPMENT**



R432.4bn

DEBT-SERVICE COSTS

Old-age grant	R121.8bn
Social security funds	R107.6bn
Child-support grant	R89.0bn
Other grants	R82.0bn
Provincial social development	R24.3bn
Policy oversight and grant administration	R13.4bn



R446.6bn

**SOCIAL
DEVELOPMENT**



R5.0bn

CONTINGENCY RESERVE