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2026 BUDGET REVIEW FISCAL POLICY



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

In brief

- The 2025/26 fiscal year, which closes on 31 March, marks a turning point for the public finances. The gross debt-to-GDP ratio is stabilising for the first time since the 2008 global financial crisis. The focus of fiscal policy now shifts to reducing debt.
- 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 primary surplus will grow over the medium term, ensuring that debt and debt-service costs decline as a share of GDP.
- 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.

OVERVIEW

The 2026 Budget marks a turning point for the public finances. After a long stretch of rising debt that began in the wake of the 2008 global financial crisis, government debt peaks as a share of economic output in the current fiscal year. The main budget deficit is R12.4 billion lower than forecast in the 2025 Budget as a result of strong fiscal outcomes for the first 10 months of 2025/26. Against the backdrop of slightly higher real GDP growth and lower inflation, confidence in South Africa’s fiscal outlook has improved, enabling a sovereign ratings upgrade and lower borrowing costs. Government is working to ensure a steady decline in debt as a share of GDP for the rest of the decade, reducing the cost of servicing debt and creating a more supportive environment for private investment.



For the first time this decade, government is tabling a fiscal framework in which debt-service costs grow more slowly than overall expenditure. 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).

To enhance the progress made to restore the health of the public finances, government will announce proposals for a principles-led fiscal anchor in the 2026 MTBPS, informed by consultation.

FISCAL POLICY: OUTCOMES AND PROJECTIONS

Table 3.1 Macroeconomic performance and projections

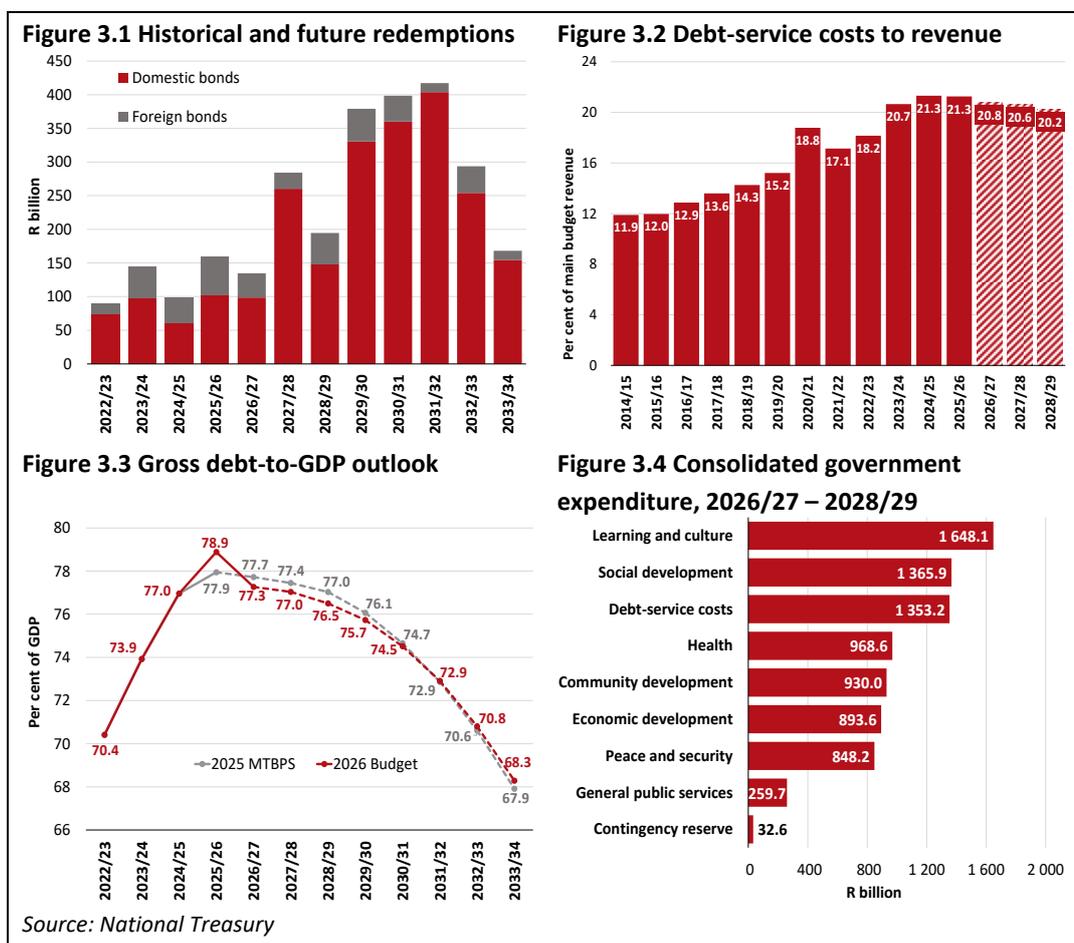
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Percentage change	Actual			Estimate	Forecast		
Real GDP growth	1.5	0.8	0.6	1.8	1.5	1.8	2.0
Nominal GDP growth	7.1	5.1	4.0	4.8	5.6	5.2	5.4
CPI inflation	7.2	5.5	3.8	3.3	3.4	3.2	3.1
GDP at current prices (R billion)	6 768.2	7 114.4	7 398.9	7 756.7	8 188.1	8 615.1	9 077.3

Source: National Treasury

Government debt increased from under 25 per cent of GDP in 2008/09 to 77 per cent in 2024/25. Debt-service costs over the same period climbed from 9 cents of every rand of

tax revenue to 21 cents – well above South Africa’s peer economies – draining resources available for public services and infrastructure.

As a result of determined action to stabilise the public finances, a turning point has been reached. For the first time since the mid-2000s, government is running a consistent and growing primary surplus – with revenue exceeding non-interest expenditure – enabling it to stabilise debt. National government debt as a percentage of GDP peaks in 2025/26 before declining for the rest of the decade. Meanwhile, the budget deficit, which accounts for the bulk of the borrowing requirement, is forecast to decline over the next three years. Among other things, this will enable government to better manage a high level of debt redemptions, which will average R283.8 billion from 2026/27 to 2033/34.



MEDIUM-TERM FISCAL STRATEGY

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. To execute this, government will:

- Support economic growth by withdrawing previously proposed tax increases for 2026/27 while accelerating public investment.

- Improve the efficiency of spending by implementing the Targeted and Responsible Savings (TARS) initiative.
- Improve the composition of spending by containing the public-service wage bill while increasing capital investment.
- Entrench sustainable public finances with a principles-led fiscal anchor.

Supporting economic growth

The previously announced tax increase of R20 billion for the 2026 Budget is withdrawn given that fiscal targets remain on track. Instead, the 2026 Budget tax proposals provide individual taxpayers with full relief for the effects of inflation and raise various tax thresholds. These measures allow households and businesses to retain a larger share of their income, supporting the economic recovery.

The 2026 Budget also reduces the main budget deficit and prioritises spending on infrastructure. Medium-term payments for capital assets grow by 9.7 per cent, compared with growth of 4.4 per cent for employee compensation. Annexure D describes reforms to fast-track infrastructure delivery.

Targeted and Responsible Savings update

The TARS initiative announced in the 2025 MTBPS has identified R12 billion in savings over the medium term. This is part of a series of efforts under way to rationalise the operations of the state, improve the effectiveness of service delivery, eliminate waste, address underperformance and reduce duplication. Consultations across government ministries and departments are under way to conclude each change and identify further savings. In most cases government is reallocating or shifting savings to priority areas or spending pressures, for example within the transport sector, thus removing the need for additional allocations.

Managing government's wage bill

Compensation of employees accounts for nearly one-third of consolidated expenditure. The three-year wage agreement for 2025/26 to 2027/28 provides stability for the medium term. In addition, government is taking several steps to manage the wage bill:

- R3.7 billion has been allocated to departmental baselines for the Early Retirement Programme in 2025/26 and 2026/27. The 7 687 applications approved in the first phase are expected to save R2.6 billion in 2026/27.
- The ghost worker audit has identified 4 323 suspicious cases in the PERSAL system. A verification process is under way and employees who cannot be physically verified will have salaries withheld and their employment status suspended.
- The Public Service Amendment Bill, which is on track to become law, will depoliticise and professionalise the public service by separating political and administrative roles in government. This includes ensuring that the head of a government department



cannot simultaneously hold office in a political party, and restricting political interference in staff recruitment and salary determination in departments.

Anchoring sustainable public finances

Government is preparing to propose a fiscal anchor based on principles rather than on numerical rules. The anchor will require each new administration to table a medium-term plan to maintain fiscal sustainability – an essential element in the provision of health, education, water, shelter and other socioeconomic rights in line with the Constitution. Without sustainable public finances debt-service costs will consume ever more of the economy’s available resources, eroding investment, productive capacity and living standards.

The proposals will be outlined in a consultation paper, with a view to announcing details of the fiscal anchor in the 2026 MTBPS.



Debt sustainability model: A tool to support good fiscal decision-making

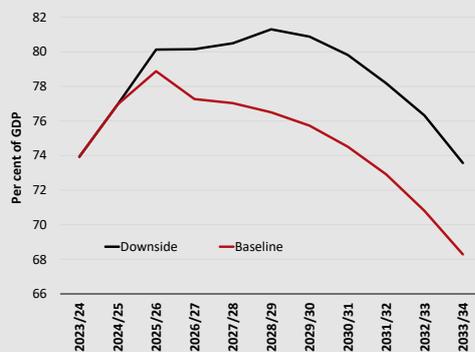
The National Treasury has developed a debt sustainability model to assess risks to the baseline fiscal framework. While it is not possible to provide precise assessments of future outcomes, a sustainability tool that provides risk-adjusted projections under different scenarios can inform good fiscal decision-making.

This model is not deployed to determine the fiscal policy stance, but will be used to give an indication of what happens to debt under different growth scenarios and the fiscal effort required to maintain sustainability. Intuitively, faster growth will reduce the size of primary surpluses needed to reduce debt, while slower growth will increase it.

The 2026 Budget baseline projects a long-term primary surplus of 2.9 per cent of GDP. Under current economic conditions, the model indicates that this is sufficient to keep debt on a declining trajectory and to build buffers against shocks, implying that even significant shocks would not block the path to debt stabilisation.

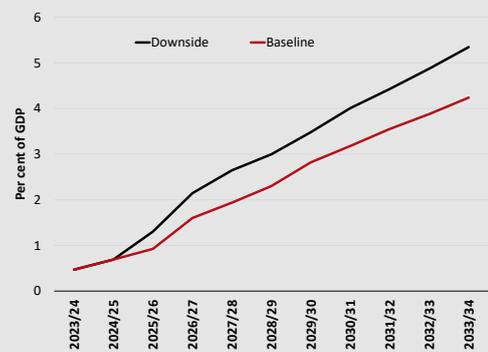
In contrast, the downside growth scenario, consistent with scenario B in Chapter 2, requires an average long-term primary surplus of 3.7 per cent of GDP just to stabilise debt – a relatively more painful level of fiscal effort, as Figure 3.5 shows. Without such effort, debt would take longer to stabilise and rise to much higher levels than currently projected, with significant implications for debt-service costs.

Figure 3.5 Debt scenarios



Source: National Treasury

Figure 3.6 Primary balances



CHANGES IN REVENUE AND EXPENDITURE

Revenue

Gross tax revenue for 2025/26 has been revised up by R1.7 billion relative to the 2025 MTBPS. Over the 2026 medium-term expenditure framework (MTEF) period, gross tax revenue is revised down by R57.2 billion, mainly reflecting the withdrawal of the R20 billion in tax increases that were pencilled in for 2026/27. Further details are provided in Chapter 4.



Table 3.2 Revised gross tax revenue projections

R billion	2024/25 ¹	2025/26	2026/27	2027/28	2028/29
Revised estimate	1 855.3	2 006.9	2 127.0	2 248.6	2 376.2
<i>Buoyancy</i>	<i>1.64</i>	<i>1.69</i>	<i>1.08</i>	<i>1.10</i>	<i>1.06</i>
2025 MTBPS	1 855.3	2 005.3	2 143.1	2 269.4	2 396.3
<i>Buoyancy</i>	<i>1.64</i>	<i>1.54</i>	<i>1.40</i>	<i>1.06</i>	<i>1.06</i>
2025 Budget	1 855.3	1 985.6	2 141.8	2 286.5	
<i>Buoyancy</i>	<i>1.48</i>	<i>1.12</i>	<i>1.29</i>	<i>1.05</i>	
Projected variance against 2025 MTBPS	–	1.7	-16.2	-20.8	-20.2
Projected variance against 2025 Budget	–	21.3	-14.8	-37.9	

1. Actual outcome

Source: National Treasury

Non-tax revenue has been revised up by R3.2 billion for 2025/26 and R16.9 billion over the 2026 MTEF period relative to the 2025 MTBPS, mainly as a result of higher-than-expected collections for mineral and petroleum royalties in 2025/26. Projected National Revenue Fund receipts over the medium term are lower by R1.3 billion, mainly due to lower expected revaluation profits on foreign-currency transactions. Southern African Customs Union payments remain largely unchanged compared with the 2025 MTBPS estimates.

Viewed from the perspective of the 2025 Budget projections, a slightly different picture emerges.

Table 3.3 Revisions to main budget revenue estimates

R billion/percentage of GDP	2026/27			2027/28			2028/29
	2026 Budget	Deviation from the 2025 MTBPS	Deviation from the 2025 Budget	2026 Budget	Deviation from the 2025 MTBPS	Deviation from the 2025 Budget	2026 Budget ²
Revenue							
Gross tax revenue	2 127.0	-16.2	-14.8	2 248.6	-20.8	-37.9	2 376.2
Non-tax revenue	33.4	8.0	2.6	28.7	4.1	-2.1	29.5
SACU ¹	-78.4	-0.0	-0.2	-87.7	-0.1	1.1	-86.2
National Revenue	–	-0.8	-0.9	1.1	-0.2	0.6	1.2
Fund receipts							
Main budget revenue	2 082.0	-9.0	-13.4	2 190.8	-17.0	-38.4	2 320.6
	25.4%			25.4%			25.6%

1. Southern African Customs Union. Amounts made up of payments and other adjustments

2. The main budget revenue for 2028/29 estimated in the 2026 Budget is R15.7 billion lower than the estimate in the 2025 MTBPS

Source: National Treasury

Main budget revenue for 2025/26 is expected to be R28.8 billion higher than 2025 Budget estimates, mainly due to higher net value-added tax, corporate income tax and dividends tax collections. The estimates for 2026/27 and 2027/28 are revised in line with the withdrawn tax increases, and consequently fall short of the 2025 Budget estimates by R13.4 billion and R38.4 billion, respectively.

Expenditure

Main budget non-interest expenditure for 2025/26 is R22.1 billion higher than 2025 Budget estimates, as shown in Table 3.4, driven by expenditure allocated in the 2025 *Adjusted Estimates of National Expenditure*, additions to the provincial equitable share, expenditure announced in the 2025 MTBPS and additions to address urgent spending pressures.

Table 3.4 Revisions to non-interest expenditure for 2025/26

R million	2025/26
Non-interest expenditure (2025 Budget)	1 884 384
Upward expenditure adjustments	66 671
Allocations in the 2025 AENE ¹	19 961
Increase in the contingency reserve announced in 2025 MTBPS	8 519
Additions to the provincial equitable share ²	16 173
Allocations for additional pressures (Special Appropriation (2025/26 financial year) Bill) ³	8 498
Allocations of expenditure announced in the 2025 MTBPS (Special Appropriation (2025/26 financial year) Bill) ⁴	13 519
Downward expenditure adjustments	-50 747
Provisional allocations not appropriated	-18 712
National government projected underspending	-9 802
Drawdown of contingency reserve	-13 519
Declared unspent funds	-8 714
Technical adjustments⁵	6 224
Revised non-interest expenditure (2026 Budget)	1 906 532
Change in non-interest expenditure from 2025 Budget	22 148

1. 2025 *Adjusted Estimates of National Expenditure*

2. Includes expenditure announced in the 2025 Budget, allocations for the impact of population changes and early retirement

3. Passenger Rail Agency of South Africa, Durban Container Terminal, debt owed to Sentech by SABC and share subscription to the International Finance Corporation

4. Transnet capital projects, rebuilding of Parliament, capitalisation of the Credit Guarantee Vehicle, Sentech dual illumination costs and 2026 municipal elections

5. NRF payments and skills development levy

Source: National Treasury

Table 3.5 shows changes to main budget non-interest expenditure for the two subsequent years. In 2026/27 and 2027/28, main budget non-interest expenditure has been revised down by R19.4 billion compared with 2025 Budget estimates, mainly driven by adjustments to baselines in line with lower expected inflation.

Table 3.5 Changes to main budget non-interest expenditure

R million	2026/27	2027/28	Total
Non-interest expenditure (2025 Budget)	1 956 019	2 038 112	3 994 131
Revisions to baselines and provisional allocations	54	-773	-718
Spending additions	67 291	27 253	94 545
<i>Baseline additions from provisional allocations¹</i>	<i>58 738</i>	<i>23 240</i>	<i>81 978</i>
<i>Reprioritisation of early childhood development grant</i>	<i>-689</i>	<i>225</i>	<i>-464</i>
<i>Presidential employment initiative</i>	<i>4 078</i>	<i>-</i>	<i>4 078</i>
<i>MTEF spending pressures accommodated²</i>	<i>5 165</i>	<i>3 788</i>	<i>8 953</i>
Provisional allocations moved to baselines ¹	-58 738	-23 240	-81 978
Targeted and Responsible Savings (TARS) ²	-4 421	-3 649	-8 070
Reprioritisation for presidential employment initiatives	-4 078	-	-4 078
2025 MTBPS revisions to infrastructure spending	-0	-1 137	-1 137
Adjustments to baselines and provisional allocations due to low inflation projections	-6 108	-12 535	-18 642
Technical adjustments³	839	-891	-52
Revised non-interest expenditure (2026 Budget)	1 950 804	2 023 915	3 974 719
Change in non-interest expenditure from 2025 Budget	-5 214	-14 198	-19 412

1. Include allocations for SRD in 2026/27 and compensation costs in provincial health and education departments

2. Details are in Table 5.2

3. Includes NRF payments of R1.5 billion in 2026/27 and R1 billion reduction in contingency reserve in 2026/27 and 2027/28

Source: National Treasury

CONSOLIDATED BUDGET

The consolidated budget includes the main budget framework and spending by provinces, social security funds and public entities financed from their own revenue sources.

Consolidated fiscal framework

The consolidated budget deficit has narrowed to an estimated 4.5 per cent of GDP for 2025/26, from 4.8 per cent in the 2025 Budget, and is projected to reduce to 3.1 per cent by 2028/29.

Table 3.6 Consolidated fiscal framework

R billion/percentage of GDP	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Outcome			Revised estimate	Medium-term estimates		
Revenue	1 902.4	1 950.2	2 053.8	2 231.7	2 345.4	2 467.3	2 612.7
	28.1%	27.4%	27.8%	28.8%	28.6%	28.6%	28.8%
Expenditure	2 146.6	2 256.7	2 389.8	2 578.9	2 669.7	2 768.1	2 893.4
	31.7%	31.7%	32.3%	33.2%	32.6%	32.1%	31.9%
<i>Non-interest expenditure</i>	<i>1 830.8</i>	<i>1 893.1</i>	<i>1 996.7</i>	<i>2 150.7</i>	<i>2 228.9</i>	<i>2 307.8</i>	<i>2 413.1</i>
	27.1%	26.6%	27.0%	27.7%	27.2%	26.8%	26.6%
Budget balance	-244.2	-306.5	-336.0	-347.2	-324.3	-300.8	-280.7
	-3.6%	-4.3%	-4.5%	-4.5%	-4.0%	-3.5%	-3.1%

Source: National Treasury

The main budget deficit continues to narrow, but social security funds, provinces and public entities move into a combined cash deficit over the 2026 MTEF period. Over the medium term, consolidated non-interest expenditure increases at an annual average of 0.6 per cent in real terms.

Capital payments are the fastest-growing item by economic classification, increasing at a nominal annual average of 9.7 per cent over the next three years. The wage bill increases by 4.4 per cent, and goods and services grow by 2.7 per cent. The consolidated budget deficit is driven largely by the capital financing requirement, with the current deficit narrowing significantly over the medium term.

Table 3.7 Consolidated operating and capital accounts

R billion/percentage of GDP	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Outcome			Revised estimate	Medium-term estimates		
OPERATING ACCOUNT							
Current revenue	1 881.2	1 915.3	2 023.1	2 198.8	2 322.4	2 448.2	2 591.9
Current payments	1 931.7	2 074.0	2 189.4	2 336.5	2 437.8	2 519.8	2 608.1
Compensation of employees	689.3	723.9	760.5	808.6	852.6	891.5	920.2
Goods and services	292.4	314.7	331.6	352.1	362.8	366.8	381.3
Interest payments	315.8	363.6	393.1	428.2	440.7	460.3	480.4
Current transfers and subsidies	634.2	671.8	704.2	747.6	781.6	801.3	826.3
Current balance	-50.5	-158.6	-166.3	-137.7	-115.4	-71.6	-16.2
	-0.7%	-2.2%	-2.2%	-1.8%	-1.4%	-0.8%	-0.2%
CAPITAL ACCOUNT							
Capital receipts	0.7	0.7	0.7	0.3	0.4	0.3	0.4
Capital payments	89.8	103.6	113.1	130.3	135.4	146.3	172.2
Capital transfers	78.2	73.1	75.1	90.5	80.7	82.2	84.7
Capital financing requirement	-167.3	-176.0	-187.5	-220.4	-215.7	-228.2	-256.5
	-2.5%	-2.5%	-2.5%	-2.8%	-2.6%	-2.6%	-2.8%
Financial transactions ¹	-26.4	28.2	17.7	11.0	11.9	9.6	9.0
Contingency reserve	–	–	–	–	5.0	10.6	17.0
Budget balance	-244.2	-306.5	-336.0	-347.2	-324.3	-300.8	-280.7
	-3.6%	-4.3%	-4.5%	-4.5%	-4.0%	-3.5%	-3.1%

1. Balance of transactions in financial assets and liabilities

Source: National Treasury

Main budget framework



Table 3.8 summarises spending financed from the National Revenue Fund. For 2024/25, the main budget deficit outcome remains at 4.5 per cent of GDP in line with the 2025 Budget. For 2025/26, the main budget deficit is projected to be 4.5 per cent of GDP compared with 4.6 per cent in the 2025 Budget, mainly due to the strength of in-year revenue collections.

Relative to the 2025 MTBPS estimates, the main budget deficit and primary surplus for 2025/26 improve marginally, as improved revenue collection is largely offset by additions to non-interest expenditure. Projected debt-service costs are revised down by R10.6 billion over the medium term, reflecting improved bond yields, an appreciating rand exchange rate, and lower inflation and interest rates. The main budget deficit continues to narrow over the MTEF period, from 3.7 per cent of GDP in 2026/27 to 2.9 per cent of GDP in 2028/29. This mainly reflects the moderation of expenditure as a share of GDP.

Government proposes a contingency reserve of R32.6 billion over the 2026 MTEF period to manage major unanticipated risks. Unforeseeable and unavoidable spending

adjustments have become an increasing challenge in recent years, especially due to natural disasters. The relatively high contingency reserve will mitigate fiscal risks.

Table 3.8 Main budget framework

R billion/percentage of GDP	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Outcome			Revised estimate	Medium-term estimates		
Revenue							
Gross tax revenue after proposals	1 686.7	1 740.9	1 855.3	2 006.9	2 127.0	2 248.6	2 376.2
Non-tax revenue	51.0	43.9	35.9	38.2	33.4	28.7	29.5
SACU ¹	-43.7	-79.8	-89.9	-73.6	-78.4	-87.7	-86.2
National Revenue Fund receipts	5.2	19.0	8.5	6.6	–	1.1	1.2
Main budget revenue	1 699.2	1 724.0	1 809.8	1 978.2	2 082.0	2 190.8	2 320.6
	25.1%	24.2%	24.5%	25.5%	25.4%	25.4%	25.6%
Expenditure							
National departments	855.9	826.9	860.5	939.4	951.7	939.9	987.9
Provinces	694.1	706.3	730.6	788.8	810.5	845.9	872.4
Local government	150.7	157.7	167.7	178.3	182.3	189.3	195.3
Contingency reserve	–	–	–	–	5.0	10.6	17.0
Provisional allocations not appropriated	–	–	–	–	1.3	38.2	39.2
Non-interest expenditure	1 700.7	1 690.8	1 758.8	1 906.5	1 950.8	2 023.9	2 111.7
Debt-service costs	308.5	356.1	385.8	420.6	432.4	451.4	469.3
Main budget expenditure	2 009.2	2 046.9	2 144.6	2 327.1	2 383.3	2 475.4	2 581.1
	29.7%	28.8%	29.0%	30.0%	29.1%	28.7%	28.4%
Main budget balance	-309.9	-322.9	-334.9	-348.9	-301.2	-284.5	-260.5
	-4.6%	-4.5%	-4.5%	-4.5%	-3.7%	-3.3%	-2.9%
Primary balance	-1.5	33.2	51.0	71.7	131.2	166.9	208.9
	-0.0%	0.5%	0.7%	0.9%	1.6%	1.9%	2.3%

1. Southern African Customs Union. Amounts made up of payments and other adjustments. The estimates for 2025/26 and 2026/27 include forecast error adjustments for 2023/24 and 2024/25 respectively
Source: National Treasury

Social security funds, public entities and provincial balances

Over the next three years, public entities, social security funds and provinces are projected to have a combined cash deficit, adding to the main budget deficit. Public entity deficits will mainly finance investments in road, rail and water infrastructure.

Table 3.9 Consolidated budget balances

R billion	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Main budget	-309.9	-322.9	-334.9	-348.9	-301.2	-284.5	-260.5
Social security funds	8.6	10.9	8.3	-4.7	-12.0	-3.8	-3.7
Provinces	13.4	-6.2	-4.2	8.6	3.3	4.6	5.4
Public entities	43.4	11.7	-6.0	-3.5	-15.7	-18.6	-23.6
RDP Fund ¹	0.2	0.0	0.7	1.4	1.4	1.4	1.7
Consolidated budget balance	-244.2	-306.5	-336.0	-347.2	-324.3	-300.8	-280.7

1. Reconstruction and Development Programme Fund
Source: National Treasury

PUBLIC-SECTOR BORROWING REQUIREMENT

In 2024/25, the public-sector borrowing requirement decreased to R318.1 billion, or 4.3 per cent of GDP, because the consolidated budget deficit was partially offset by the Gold and Foreign Exchange Contingency Reserve Account settlement. The borrowing

requirement for 2025/26 is similarly revised down by R26.2 billion to R449.3 billion compared with the 2025 Budget estimate.

Table 3.10 Public-sector borrowing requirement¹

R billion/percentage of GDP	2022/23	2023/24	2024/25	2025/26			2026/27	2027/28	2028/29
	Outcome			2025 Budget	2026 Budget	Deviation	Medium-term estimates		
Main budget	309.9	322.9	334.9	361.3	348.9	-12.4	301.2	284.5	260.5
Social security funds	-8.6	-10.9	-8.3	5.7	4.7	-1.0	12.0	3.8	3.7
Provinces	-13.4	6.2	4.2	-1.9	-8.6	-6.7	-3.3	-4.6	-5.4
Public entities	-43.4	-11.7	6.0	13.1	3.5	-9.6	15.7	18.6	23.6
RDP Fund	-0.2	-0.0	-0.7	-0.4	-1.4	-1.0	-1.4	-1.4	-1.7
Consolidated government	244.2	306.5	336.0	377.9	347.2	-30.7	324.3	300.8	280.7
National borrowing for Eskom debt-relief arrangement	–	76.0	64.0	80.2	80.0	-0.2	–	–	10.0
GFCRA settlement (net) ²	–	–	-100.0	-25.0	-25.0	–	-56.0	–	–
Consolidated borrowing requirement³	244.2	382.5	300.0	433.1	402.2	-30.9	268.3	300.8	290.7
	3.6%	5.4%	4.1%	5.5%	5.2%		3.3%	3.5%	3.2%
Local authorities⁴	6.6	13.5	18.1	12.9	12.8	-0.1	11.7	10.6	11.2
	0.1%	0.2%	0.2%	0.2%	0.2%		0.1%	0.1%	0.1%
State-owned companies⁵	53.1	–	–	29.4	34.3	4.8	16.6	51.7	31.0
	0.8%	0.0%	0.0%	0.4%	0.4%		0.2%	0.6%	0.3%
Borrowing requirement³	303.9	396.0	318.1	475.4	449.3	-26.2	296.6	363.2	332.8
	4.5%	5.6%	4.3%	6.0%	5.8%		3.6%	4.2%	3.7%

1. A negative number reflects a surplus and a positive number a deficit

2. Details in Table 7.2

3. Excluding redemptions

4. 2024/25 is an unaudited outcome

5. Comprises Eskom, South African Airways (SAA), Transnet, Airports Company South Africa (ACSA) and Denel. 2023/24 and 2024/25 outcomes exclude Eskom and Transnet because their quarterly reports are outstanding. Denel is not projecting to borrow in 2025/26 and over the medium term.

South African National Roads Agency Limited and Trans-Caledon Tunnel Authority are included in consolidated government net borrowing

Source: National Treasury

RISKS TO THE FISCAL OUTLOOK



The main risks to the fiscal outlook are weaker-than-expected global and domestic economic growth; commodity price volatility; the financial health of state-owned companies; and higher borrowing costs due to geopolitical risks, adverse global monetary conditions or changes in investor sentiment.

CONCLUSION

Government's prudent macroeconomic management is bearing fruit with a stable debt path and lower inflation outcomes. Over time this will translate to higher capital investment and real per capita incomes, while reducing risks and restoring fiscal sustainability.