

5

2026 BUDGET REVIEW CONSOLIDATED SPENDING PLANS



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

In brief

- Consolidated government expenditure is projected to increase from R2.58 trillion in 2025/26 to R2.89 trillion in 2028/29.
- Non-interest expenditure is redistributive, with 60.2 per cent allocated to the social wage in 2026/27.
- Spending on education constitutes the largest share of expenditure, at 23.2 per cent over the medium term.
- Capital payments is the fastest-growing expenditure item by economic classification, increasing by 9.7 per cent over the medium term.
- Targeted and responsible savings of R12 billion have been identified and reallocated.

OVERVIEW

Government’s 2026 medium-term expenditure plans reflect its priorities of supporting infrastructure development, protecting social services and improving the quality of basic services. Consolidated government spending grows by 3.9 per cent a year over the medium term.



Ongoing budget reforms aim to remove duplication and waste, and reconfigure or wind down low-priority and ineffective programmes. Efficiency savings will be reallocated to priority areas.

Table 5.1 Social wage

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
R billion	Outcome			Revised estimate	Medium-term estimates		
Community development	182.2	201.1	207.6	231.4	230.8	242.5	256.8
Housing development	18.4	18.9	19.4	19.6	19.2	20.1	20.8
Transport	37.7	46.1	42.8	59.8	59.2	65.1	75.9
Basic services and local government ¹	126.2	136.1	145.4	151.9	152.4	157.3	160.1
Expanded public works and community works programmes	9.6	9.7	9.0	8.9	8.4	9.4	9.8
Health	235.3	243.3	252.4	267.7	281.8	294.1	303.4
Basic education	276.2	291.4	299.4	316.9	330.6	347.5	357.6
Higher education and training	61.6	61.6	70.2	74.9	72.1	75.0	77.0
Social protection	267.8	284.4	302.1	318.0	334.6	346.9	358.2
<i>of which: Social grants</i>	<i>233.0</i>	<i>250.5</i>	<i>266.7</i>	<i>280.9</i>	<i>292.8</i>	<i>305.6</i>	<i>316.2</i>
Social security funds	66.4	65.7	68.8	73.0	89.0	83.5	85.1
Total	1 099.1	1 157.2	1 209.5	1 290.8	1 347.2	1 398.9	1 447.8
<i>Percentage of non-interest spending</i>	<i>59.8%</i>	<i>60.9%</i>	<i>60.4%</i>	<i>59.8%</i>	<i>60.2%</i>	<i>60.4%</i>	<i>59.7%</i>
<i>Percentage of consolidated spending</i>	<i>51.2%</i>	<i>51.3%</i>	<i>50.6%</i>	<i>50.1%</i>	<i>50.5%</i>	<i>50.5%</i>	<i>50.0%</i>

1. Includes local government equitable share

Source: National Treasury

CHAPTER 5 CONSOLIDATED SPENDING PLANS



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. This includes spending on education, skills development and public employment; the provision of housing, public transport and free basic services; and healthcare. 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.

REVISIONS TO SPENDING PLANS

Non-interest expenditure decreases by a net R19.4 billion in 2026/27 and 2027/28 compared with the 2025 Budget, mainly because baselines have been rebased to align with the lower medium-term inflation outlook.



Priority spending increases have largely been funded through savings yielded by improved targeting and the reduction of fraud in the social grants system, as well as by the scaling down of the *public transport network grant*. The grant has not yielded sufficient increases in ridership to justify new investment in the system. However, it will continue to fund indirect costs in those cities that operate bus services on integrated public transport networks.

Table 5.2 Spending additions funded over the MTEF period

R million	2026/27	2027/28	2028/29	MTEF total
Targeted and responsible savings	-4 421	-3 649	-3 934	-12 004
<i>Road-based public transport</i>	-2 321	-2 546	-3 528	-8 396
<i>Income verification on social grants</i>	-2 000	-1 000	-	-3 000
<i>Saving from Post Bank contract</i>	-100	-102	-406	-609
Other MTEF spending pressures accommodated	5 165	3 788	4 880	13 834
<i>Disaster rehabilitation</i>	1 512	-	-	1 512
<i>Defence</i>	857	899	942	2 697
<i>Border Management Authority</i>	316	330	344	990
<i>Represented political party funding</i>	500	522	545	1 567
<i>Office of the Chief Justice</i>	219	229	239	687
<i>Presidency</i>	40	90	90	220
<i>Statistics South Africa</i>	59	68	81	208
<i>National Council on Gender-Based Violence and Femicide</i>	43	45	47	136
<i>Passenger Rail Agency of South Africa</i>	1 291	1 128	1 275	3 694
<i>Other spending pressures accommodated¹</i>	328	478	1 317	2 123

1. Accommodates spending for the Public Service Commission, various programmes in the Department of Cooperative Governance and Traditional Affairs, the Municipal Utility Reform Programme and the South African National Roads Agency Limited

Source: National Treasury

Savings in these areas amount to R12 billion over the medium term. A significant portion of the savings identified in public transport is shifted to the Passenger Rail Agency of South Africa's (PRASA's) Metrorail service, which aims to increase ridership from 116 million passenger trips in the current year to 450 million by 2028/29.

Further savings are reallocated to strengthen state capacity in the judiciary, border management, defence and Statistics South Africa.

Allocations are also provided to projects approved by the Budget Facility for Infrastructure. This includes expanding the Square Kilometre Array and bulk water infrastructure in Polokwane, and restoring Transnet’s iron-ore corridor and coal capacity, as detailed in Annexure D.



The Early Retirement Programme for eligible employees was introduced to rejuvenate the public service, manage the public-service wage bill and enable the restructuring of departments to improve service delivery. In the first phase, 7 687 applications from eligible employees were approved, of which 4 644 relate to provincial departments and the remainder to national departments. The total cost of the early retirements amounts to R3.7 billion and the estimated net savings are R5.5 billion, of which R2.6 billion will be realised in 2026/27, R1.4 billion in 2027/28 and R1.5 billion in 2028/29.

CONSOLIDATED GOVERNMENT EXPENDITURE

Table 5.3 Consolidated government expenditure by economic classification¹

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Economic classification						
Current payments	1 588 899	1 656 157	1 718 563	1 781 778	62.1%	3.9%
Compensation of employees	808 578	852 624	891 460	920 153	32.1%	4.4%
Goods and services	352 133	362 800	366 797	381 251	13.4%	2.7%
Interest and rent on land	428 187	440 734	460 307	480 374	16.6%	3.9%
<i>of which:</i>						
<i>Debt-service costs</i>	420 610	432 449	451 450	469 321	16.3%	3.7%
Transfers and subsidies	838 112	862 331	883 456	911 040	32.0%	2.8%
Municipalities	191 020	194 821	202 638	209 152	7.3%	3.1%
Departmental agencies and accounts	34 192	32 510	33 898	34 132	1.2%	-0.1%
Higher education institutions	56 625	58 364	61 426	63 421	2.2%	3.9%
Foreign governments and international organisations	3 765	3 456	3 648	3 762	0.1%	-0.0%
Public corporations and private enterprises	54 751	45 234	43 634	45 063	1.6%	-6.3%
Non-profit institutions	41 637	46 060	49 967	52 284	1.8%	7.9%
Households	456 124	481 885	488 244	503 225	17.8%	3.3%
Payments for capital assets	130 270	135 404	146 337	172 187	5.5%	9.7%
Buildings and other fixed structures	91 356	95 680	102 878	121 260	3.9%	9.9%
Machinery and equipment	35 081	35 852	40 282	47 822	1.5%	10.9%
Other capital assets	3 833	3 872	3 177	3 105	0.1%	-6.8%
Payments for financial assets	21 576	10 779	9 171	11 462		
Total	2 578 857	2 664 671	2 757 528	2 876 467	100.0%	3.7%
Contingency reserve	–	5 008	10 603	16 957		
Consolidated expenditure	2 578 857	2 669 679	2 768 130	2 893 424		3.9%

1. The main budget and spending by provinces, public entities and social security funds financed from own revenue

Source: National Treasury

CHAPTER 5 CONSOLIDATED SPENDING PLANS

Table 5.4 Consolidated government expenditure by function¹

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Learning and culture	514 274	527 231	552 153	568 739	23.7%	3.4%
Basic education	344 576	358 556	376 290	387 371	16.2%	4.0%
Post-school education and training	157 505	155 804	163 238	168 370	7.0%	2.2%
Arts, culture, sport and recreation	12 192	12 871	12 625	12 998	0.6%	2.2%
Health	295 378	310 377	323 919	334 276	13.9%	4.2%
Social development	412 240	446 597	452 890	466 386	19.7%	4.2%
Social protection	314 240	330 490	342 174	353 316	14.8%	4.0%
Social security funds	89 951	107 566	101 327	103 390	4.5%	4.8%
Public-sector pensions	8 049	8 541	9 389	9 680	0.4%	6.3%
Community development	290 990	294 285	308 865	326 844	13.4%	3.9%
Economic development	269 101	283 939	290 576	319 051	12.9%	5.8%
Industrialisation and exports	43 801	45 763	45 100	47 727	2.0%	2.9%
Agriculture and rural development	38 709	39 548	41 400	43 062	1.8%	3.6%
Labour affairs and works programmes	12 638	13 233	13 137	13 616	0.6%	2.5%
Economic regulation and infrastructure	153 063	164 060	169 341	192 873	7.6%	8.0%
Innovation, science and technology	20 889	21 334	21 598	21 773	0.9%	1.4%
Peace and security	268 227	274 618	282 331	291 239	12.2%	2.8%
Defence and state security	60 241	59 270	61 280	63 351	2.6%	1.7%
Police services	133 648	140 144	145 100	149 605	6.3%	3.8%
Law courts and prisons	58 022	60 904	62 985	64 965	2.7%	3.8%
Home affairs	16 317	14 300	12 966	13 317	0.6%	-6.5%
General public services	86 463	84 396	86 173	89 149	3.7%	1.0%
Executive and legislative organs	22 583	19 766	20 545	21 013	0.9%	-2.4%
Public administration and fiscal affairs	54 786	55 440	56 097	58 310	2.4%	2.1%
External affairs	9 093	9 190	9 530	9 826	0.4%	2.6%
Payments for financial assets	21 576	10 779	9 171	11 462		
Allocated by function	2 158 247	2 232 222	2 306 078	2 407 146	100.0%	3.7%
Debt-service costs	420 610	432 449	451 450	469 321		3.7%
Contingency reserve	–	5 008	10 603	16 957		
Consolidated expenditure	2 578 857	2 669 679	2 768 130	2 893 424		3.9%

1. The main budget and spending by provinces, public entities and social security funds financed from own revenue
Source: National Treasury



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. Compensation of employees remains the largest share of expenditure by economic classification at 32.1 per cent, but the fastest-growing item of expenditure is spending on buildings and other fixed structures, which increases by 9.9 per cent over the medium term. This reflects

a deliberate shift in the composition of spending to infrastructure investment to support service delivery and economic growth.

Learning and culture constitutes the largest component of consolidated expenditure by function at 23.7 per cent over the medium term, while economic regulation and infrastructure is the fastest-growing component at 8 per cent.

SPENDING PRIORITIES BY FUNCTION

Learning and culture

Table 5.5 Learning and culture expenditure

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Basic education	344 576	358 556	376 290	387 371	68.1%	4.0%
<i>of which:</i>						
<i>Provincial compensation of employees</i>	260 981	273 965	285 482	294 857	51.8%	4.2%
<i>Workbooks and LTSM¹</i>	6 514	6 673	7 002	7 088	1.3%	2.9%
<i>National school nutrition programme</i>	10 319	10 794	11 284	11 792	2.1%	4.5%
<i>Subsidies to schools²</i>	28 038	31 791	34 817	35 743	6.2%	8.4%
<i>School infrastructure³</i>	16 824	16 655	16 590	17 106	3.1%	0.6%
<i>Early childhood development</i>	12 188	14 904	17 490	17 956	3.1%	13.8%
Post-school education and training	157 505	155 804	163 238	168 370	29.6%	2.2%
<i>of which:</i>						
<i>University subsidies</i>	47 003	49 008	50 710	52 286	9.2%	3.6%
<i>of which:</i>						
<i>Higher education institutions infrastructure</i>	1 388	1 480	1 873	1 884	0.3%	10.7%
<i>National Student Financial Aid Scheme⁴</i>	58 221	54 330	56 590	57 968	10.2%	-0.1%
<i>Technical and vocational education and training expenditure</i>	14 126	15 033	16 230	16 789	2.9%	5.9%
<i>of which:</i>						
<i>Compensation of employees</i>	8 744	9 455	9 884	10 199	1.8%	5.3%
<i>TVET infrastructure</i>	196	314	872	946	0.1%	69.1%
<i>Subsidies</i>	4 634	4 822	5 014	5 170	0.9%	3.7%
<i>Community education and training</i>	3 182	3 304	3 452	3 559	0.6%	3.8%
<i>of which:</i>						
<i>Compensation of employees</i>	2 936	3 053	3 191	3 290	0.6%	3.9%
<i>CET infrastructure</i>	200	217	226	233	0.0%	5.2%
<i>Skills development levy institutions⁵</i>	31 982	30 100	31 717	33 117	5.8%	1.2%
Arts, culture, sport and recreation	12 192	12 871	12 625	12 998	2.3%	2.2%
Total	514 274	527 231	552 153	568 739		3.4%

1. Learner and teacher support material

2. Includes some provision for LTSM and property payments for schools that manage their own budgets

3. Education infrastructure grant and the school infrastructure backlogs grant

4. Total payments made from all income sources, including Funza Lushaka teacher bursaries and debt repayments from students

5. Spending of the 21 sector education and training authorities and the National Skills Fund

Source: National Treasury

This function includes basic education, post-school education and training, and sport, arts and culture. The basic education component receives 68.1 per cent of total allocations. Provincial education budgets grow by 4.2 per cent over the medium-term expenditure framework (MTEF) period. Provinces' spending is dominated by compensation of employees, at 77.7 per cent.

The National School Nutrition Programme provides meals to over 9.9 million learners in 19 800 schools. Allocations to the programme grow by 4.5 per cent to R33.9 billion over the medium term, and have not been adjusted for the lower inflation outlook given that food price inflation is higher than the overall inflation rate.

Expenditure on early childhood development increases from R12.2 billion in 2025/26 to R18 billion over the medium term. This will enable early childhood development services to be expanded to an additional 300 000 children.

Spending on post-school education and training grows by 2.2 per cent over the medium term. The National Student Financial Aid Scheme will spend R54.3 billion in 2026/27 to provide bursaries to enable 744 203 poor and academically deserving students to access universities and technical and vocational education and training colleges.

The skills development levy paid by employers funds the sector education and training authorities and the National Skills Fund to provide skills development and training. Levy income is projected to be R88.2 billion over the 2026 MTEF period. These institutions are struggling to deliver the skills required to drive economic growth. The National Treasury has commissioned the Government Technical Advisory Centre to conduct a comprehensive review of the national skills ecosystem in the year ahead.

Arts, culture, sport and recreation will spend R38.5 billion over the medium term to support school sports; promote cultural, heritage and linguistic diversity; and foster nation-building and social cohesion.

Health

Spending on health will grow by 4.2 per cent to R334.3 billion in 2028/29. Primary healthcare, delivered through district health services, provides the most accessible and cost-effective care and 44.4 per cent of the health budget is allocated to this.

Compensation of employees continues to constitute the largest share of the health budget at 64.6 per cent. Government seeks to enhance efficiency in this area through better management of commuted overtime and rural allowances. The Minister of Health has appointed an advisory committee to recommend amendments to key human resources policies and practices. These and other savings measures will enable the sector to reprioritise funds to deal with existing pressures and respond to emerging service delivery needs and priorities.



Over the medium term, R410 million will be reprioritised from the Department of Health to the South African Medical Research Council to offset research grant funding withdrawn by the United States. This allocation forms part of a co-funding arrangement with global donors to sustain key HIV/AIDS research programmes. A further R24 million is reprioritised over the MTEF period towards the Office of Health Standards Compliance to enable it to fill critical posts and increase the number of health facility inspections conducted each year.



Table 5.6 Health expenditure

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Health expenditure	295 378	310 377	323 919	334 276	100.0%	4.2%
<i>of which:</i>						
<i>Central hospital services</i>	55 934	59 666	62 295	63 261	19.1%	4.2%
<i>Provincial hospital services</i>	48 400	50 567	52 558	53 888	16.2%	3.6%
<i>District health services</i>	131 484	137 848	143 733	148 711	44.4%	4.2%
<i>of which:</i>						
<i>HIV and TB</i>	25 518	25 998	27 097	27 979	8.4%	3.1%
<i>Emergency medical services</i>	11 109	11 265	11 649	11 814	3.6%	2.1%
<i>Facilities management and maintenance</i>	11 066	11 819	12 681	12 900	3.9%	5.2%
<i>Health science and training</i>	5 897	6 647	6 996	8 335	2.3%	12.2%
<i>National Health Laboratory Service</i>	14 002	14 841	15 284	15 936	4.8%	4.4%
<i>National Department of Health</i> ¹	7 291	6 560	6 746	6 956	2.1%	-1.6%
Total	295 378	310 377	323 919	334 276	100.0%	4.2%
<i>of which:</i>						
<i>Compensation of employees</i>	189 506	199 965	209 878	216 002	64.6%	4.5%
<i>Goods and services</i>	83 442	89 246	92 250	95 685	28.6%	4.7%
<i>Transfers and subsidies</i>	7 309	7 511	7 743	8 092	2.4%	3.4%
<i>Buildings and other fixed structures</i>	8 470	7 450	7 529	7 908	2.4%	-2.3%
<i>Machinery and equipment</i>	6 605	6 194	6 505	6 573	2.0%	-0.2%

1. Excludes grants and transfers reflected as expenditure in appropriate sub-functional areas

Source: National Treasury

Social development

Spending on this function increases by 4.2 per cent from R412.2 billion in 2025/26 to R466.4 billion in 2028/29. This supports poverty reduction by providing social grants, risk benefits through social insurance and welfare services. It also funds development initiatives, empowerment programmes, gender equality efforts, and advocacy for children, women, youth, the elderly and people with disabilities.

Social grants constitute the largest share of spending on social development. Excluding the *social relief of distress grant*, spending increases from R246.6 billion in 2025/26 to R276.5 billion in 2028/29. The *social relief of distress grant* is allocated an additional R36.4 billion to extend payments until 31 March 2027 at the current R370 per month per beneficiary. The social grant allocation has been adjusted down over the medium term in



CHAPTER 5
CONSOLIDATED SPENDING PLANS

line with a lower inflation outlook and improved grant targeting and verification, which is expected to yield savings of R2 billion in 2026/27 and R1 billion in 2027/28.

Table 5.7 Social development expenditure

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Social protection expenditure	314 240	330 490	342 174	353 316	75.1%	4.0%
<i>of which:</i>						
<i>Social grants</i>	280 884	292 771	268 893	277 769	81.8%	-0.4%
<i>Child support</i>	88 299	88 968	90 023	90 274	26.2%	0.7%
<i>Old age</i> ¹	115 682	121 792	129 591	136 183	37.8%	5.6%
<i>Disability</i>	30 171	31 872	33 189	34 221	9.7%	4.3%
<i>Foster care</i>	3 594	3 194	3 024	3 118	0.9%	-4.6%
<i>Care dependency</i>	4 943	5 330	5 711	6 117	1.7%	7.4%
<i>Grant-in-aid</i>	3 903	4 725	5 634	6 593	1.7%	19.1%
<i>Social relief of distress</i>	34 292	36 889	1 720	1 262	3.9%	
Provincial social development	22 510	24 324	25 194	25 765	7.3%	4.6%
Women, youth and persons with disabilities	1 356	2 243	929	959	0.4%	-10.9%
Social security funds	89 951	107 566	101 327	103 390	22.9%	4.8%
Road Accident Fund	42 344	49 862	49 773	49 849	10.9%	5.6%
Unemployment Insurance Fund	36 316	45 667	38 996	40 504	9.2%	3.7%
Compensation funds	11 291	12 038	12 558	13 036	2.8%	4.9%
Total	412 240	446 597	452 890	466 386	100.0%	4.2%
<i>Social grants as percentage of GDP</i>	3.6%	3.6%	3.1%	3.1%		
Social grant beneficiary numbers by grant type (thousands)						
Child support	12 860	12 612	12 380	12 164	59.4%	-1.8%
Old age ¹	4 199	4 267	4 337	4 408	20.8%	1.6%
Disability	1 059	1 072	1 085	1 098	5.2%	1.2%
Foster care	184	154	130	110	0.6%	-15.7%
Care dependency	179	184	189	194	0.9%	2.8%
Social relief of distress	7 773	8 209			13.1%	
Total	26 254	26 498	18 120	17 975	100.0%	-11.9%

1. Includes war veterans

Source: National Treasury

The *old age grant*, *disability grant* and *care dependency grant* will increase to an average maximum of R2 400 in April 2026, while the *war veterans grant* increases to R2 420. The *foster care grant* will increase to R1 295. The *child support grant* and *grant-in-aid grant* rise to R580.

Table 5.8 Average monthly social grant values

Rand	2025/26	2026/27	Percentage increase
Old age	2 315	2 400	3.7%
War veterans	2 335	2 420	3.6%
Disability	2 315	2 400	3.7%
Foster care	1 250	1 295	3.6%
Care dependency	2 315	2 400	3.7%
Child support	560	580	3.6%
Grant-in-aid	560	580	3.6%

Source: National Treasury

The Department of Women, Youth and Persons with Disabilities is allocated an additional R135.8 million over the medium term for the National Council on Gender-Based Violence and Femicide, which is expected to become operational during 2026/27.

Tightening compliance in social grants

The South African Social Security Agency's (SASSA's) allocation for 2025/26 was made conditional on the agency improving biometric and income verification processes, undertaking more frequent eligibility reviews for social grants, and implementing other measures to tighten compliance.

By December 2025, the agency had checked the bank accounts of about 6 million clients and 8 million credit bureau clients. These checks flagged 291 581 grant beneficiaries for review. As a result of the review process and strict implementation of the sliding scale, which bases grant values on recipients' incomes, grant amounts were adjusted for 8 599 disability and old-age grant recipients in accordance with the eligibility criteria. This results in projected savings of R36.4 million in 2025/26. A further 34 661 grants were cancelled, generating expected savings of R170.7 million by the end of 2025/26. SASSA has rolled out biometric verification for all new applicants to strengthen beneficiary authentication. It will intensify efforts to combat fraud and corruption while ensuring that legitimate beneficiaries remain protected.

Community development

The community development function supports provision of basic services in water, electricity, housing and public transport through the local government equitable share.

The local government equitable share is allocated R342.6 billion over the medium term, supporting the largest component of spending in this function, which includes the provision of free basic services to 11.2 million households.

Spending increases by an annual average of 3.9 per cent over the medium term, with spending on public transport increasing at 5.5 per cent from R73.1 billion in 2025/26 to R85.8 billion in 2028/29. This is driven primarily by funding for PRASA's commuter rail recovery programme. Metrorail is allocated an additional R23.1 billion over the medium term to upgrade telecommunications and signalling systems.



Table 5.9 Community development expenditure

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Community development	290 990	294 285	308 865	326 844	100.0%	3.9%
<i>of which:</i>						
<i>Human settlements</i>	42 734	37 153	37 397	38 192	12.1%	-3.7%
<i>Public transport, including commuter rail</i>	73 143	70 922	75 809	85 785	25.0%	5.5%
<i>Local government equitable share</i>	103 776	110 090	114 483	118 041	36.8%	4.4%
<i>Municipal infrastructure grant</i>	17 358	17 504	20 030	20 652	6.3%	6.0%
<i>Regional and local water and sanitation services</i>	12 924	13 762	14 135	14 245	4.5%	3.3%
<i>Electrification programmes</i>	4 276	3 814	4 782	4 931	1.5%	4.9%
Total	290 990	294 285	308 865	326 844	100.0%	3.9%
<i>of which:</i>						
<i>Compensation of employees</i>	19 350	20 596	21 585	22 401	6.9%	5.0%
<i>Goods and services</i>	19 167	20 010	21 042	22 219	6.8%	5.0%
<i>Transfers and subsidies</i>	221 518	217 424	224 044	230 978	72.3%	1.4%
<i>Buildings and other fixed structures</i>	16 382	19 017	20 081	21 201	6.5%	9.0%
<i>Machinery and equipment</i>	14 227	16 755	21 640	29 588	7.3%	27.6%

Source: National Treasury

Over the medium term, R19.2 billion is shifted from the *urban settlements development grant* to the *urban development financing grant* to reverse the deteriorating performance of water and sanitation, electricity and solid waste management in metropolitan municipalities.

Economic development

The economic development function supports inclusive growth, industrialisation and competitiveness. Over the medium term, expenditure grows at an average of 5.8 per cent, from R269.1 billion in 2025/26 to R319.1 billion in 2028/29.



Economic regulation and infrastructure grows fastest over the medium term as investments in water infrastructure and roads are prioritised. The South African National Roads Agency Limited plans to invest R155.6 billion over the next three years to strengthen 1 200 kilometres, resurface 6 000 kilometres and maintain 26 802 kilometres of the national road network.

Business incentive programmes are allocated R18.9 billion over the medium term to create 18 000 new jobs and R134.2 million is allocated to assist 9 000 informal traders and enterprises. A further R551.3 million is allocated to support 180 micro, small and medium enterprise hubs.

Table 5.10 Economic development expenditure

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Economic regulation and infrastructure	153 063	164 060	169 341	192 873	58.9%	8.0%
<i>of which:</i>						
<i>Water resource and bulk infrastructure</i>	46 570	52 804	55 423	66 873	19.6%	12.8%
<i>Road infrastructure</i>	82 459	88 897	92 180	104 117	31.9%	8.1%
<i>Environmental programmes</i>	6 999	7 813	8 077	8 473	2.7%	6.6%
Labour affairs and works programmes	12 638	13 233	13 137	13 616	4.5%	2.5%
<i>of which:</i>						
<i>Expanded public works and community works programmes¹</i>	8 874	8 357	9 371	9 761	3.1%	3.2%
Industrialisation and exports	43 801	45 763	45 100	47 727	15.5%	2.9%
<i>of which:</i>						
<i>Economic development and incentive programmes</i>	22 603	22 384	21 383	21 639	7.3%	-1.4%
Innovation, science and technology	20 889	21 334	21 598	21 773	7.2%	1.4%
Agriculture and rural development	38 709	39 548	41 400	43 062	13.9%	3.6%
<i>of which:</i>						
<i>Land reform</i>	1 154	1 113	1 180	1 230	0.4%	2.1%
<i>Agricultural land holding account</i>	1 159	1 203	1 069	1 156	0.4%	-0.1%
<i>Restitution</i>	3 818	3 947	4 174	4 358	1.4%	4.5%
<i>Farmer support and development</i>	3 683	3 687	3 856	4 032	1.3%	3.1%
Total	269 101	283 939	290 576	319 051	100.0%	5.8%
<i>of which:</i>						
<i>Compensation of employees</i>	66 634	70 359	74 120	77 380	24.8%	5.1%
<i>Goods and services</i>	102 646	108 294	107 013	111 623	36.6%	2.8%
<i>Transfers and subsidies</i>	41 505	37 728	36 464	37 936	12.5%	-3.0%
<i>Buildings and other fixed structures</i>	43 733	51 993	57 809	74 687	20.6%	19.5%
<i>Machinery and equipment</i>	5 941	6 014	5 336	5 324	1.9%	-3.6%

1. Includes the Expanded Public Works Programme and the Community Works Programme

Source: National Treasury

Over the medium term, R8.2 billion is allocated to settle approximately 985 land restitution claims. The agricultural land holding account will spend R3.4 billion to fund the acquisition and redistribution of 144 000 hectares of land. The Department of Agriculture will support 180 000 land reform beneficiaries through the Comprehensive Agricultural Support Programme and the LandCare programme, with a combined R7.7 billion allocation

The Department of Forestry, Fisheries and the Environment has reprioritised R275 million over the medium term towards implementing the Climate Change Act (2024).

Peace and security

The peace and security function is allocated R848.2 billion over the medium term to combat crime and ensure territorial integrity. The goal is to build a capable, ethical and developmental state through safer communities, improved prosecution and effective border management. Identified savings over the medium term will be reallocated to



provide R4.4 billion in additional funding mainly for defence capabilities, border safeguarding and the judiciary.

Table 5.11 Peace and security expenditure

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Defence and state security	60 241	59 270	61 280	63 351	21.7%	1.7%
Police services	133 648	140 144	145 100	149 605	51.3%	3.8%
Law courts and prisons	58 022	60 904	62 985	64 965	22.3%	3.8%
Home affairs	16 317	14 300	12 966	13 317	4.8%	-6.5%
Total	268 227	274 618	282 331	291 239	100.0%	2.8%
<i>of which:</i>						
<i>Compensation of employees</i>	186 981	196 959	205 685	211 583	72.4%	4.2%
<i>Goods and services</i>	57 620	54 973	54 656	57 507	19.7%	-0.1%
<i>Transfers and subsidies</i>	14 878	15 039	14 431	15 078	5.3%	0.4%
<i>Buildings and other fixed structures</i>	2 738	2 225	2 104	2 116	0.8%	-8.2%
<i>Machinery and equipment</i>	5 690	4 907	4 977	4 491	1.7%	-7.6%

Source: National Treasury

Police services account for 51.3 per cent of spending on peace and security, growing at 3.8 per cent. This function group is personnel heavy, with 72.4 per cent of the budget allocated to compensation of employees.

An additional R2.7 billion is allocated to defence over the medium term to improve operations, including to maintain the South African Air Force's fighter capability, and procure uniforms.



An additional R687 million over the MTEF period is allocated to increase capacity in the judiciary. Over the medium term, R883.8 million is shifted from the Department of Justice and Constitutional Development to enable the Office of the Chief Justice to manage its own budgets, enhancing its independence.

The Border Management Authority has been allocated an additional R990 million over the medium term to build capacity by filling 738 positions. The departments of Home Affairs and Police will shift R1.4 billion and R894.2 million within their budgets to improve immigration services and information and communications technology, respectively. The Home Affairs budget declines over the medium term following the once-off allocation to the Electoral Commission in 2025/26 for the preparation of the 2026 Local Government Elections.

General public services

This function focuses on building a capable, ethical and developmental state. Over the medium term, the budget grows by an average of 1 per cent. Spending on buildings and other fixed structures contracts following a 2025/26 allocation to refurbish Parliament.

Table 5.12 General public services expenditure

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Executive and legislative organs	22 583	19 766	20 545	21 013	23.6%	-2.4%
Public administration and fiscal affairs	54 786	55 440	56 097	58 310	65.4%	2.1%
External affairs	9 093	9 190	9 530	9 826	11.0%	2.6%
Total	86 463	84 396	86 173	89 149	100.0%	1.0%
<i>of which:</i>						
<i>Compensation of employees</i>	38 864	41 119	42 855	44 279	49.4%	4.4%
<i>Goods and services</i>	28 063	26 814	27 588	28 843	32.1%	0.9%
<i>Transfers and subsidies</i>	12 075	13 410	13 127	13 478	15.4%	3.7%
<i>Buildings and other fixed structures</i>	5 090	1 457	1 355	1 368	1.6%	-35.5%
<i>Machinery and equipment</i>	1 111	613	540	542	0.7%	-21.3%

Source: National Treasury

Public administration and fiscal affairs is 65.4 per cent of expenditure in this function. Over the medium term, R285.3 million is allocated to enhance cross-government bulk purchasing systems designed to save costs, starting with the modernisation of the government payroll system. The National Treasury will also shift R98.9 million from within its budget over the medium term to the Office of the Chief Procurement Officer to implement a national e-government procurement platform. This will digitise the procurement value chain using secure technology.



Ghost worker audit update

Government is conducting a ghost worker audit to identify and remove non-existent or ineligible individuals on the public-sector payroll.

The Department of Public Service and Administration (DPSA) has begun verifying high-risk cases and developed a method that reduces the potential for employees to be flagged incorrectly as ghost workers due to administrative errors. The updated tests identified 4 323 high-risk employees requiring further verification. They will be verified using facial matching against the National Population Register and physical verification, including cross-checking results with the DPSA and Department of Basic Education ghost worker projects.

The next phase of this project will integrate with the improvements to payroll systems and the rollout of a single sign-on for public servants. These changes will enable automated oversight, reduce irregularities and support more effective expenditure management.

CONCLUSION

The social wage constitutes about 60 per cent of non-interest expenditure over the medium term, reflecting the redistributive nature of the Budget. Government's focus on improving the quality of expenditure and reducing inefficient spending will yield savings that are reallocated to fund priority programmes. As a result, consolidated government expenditure grows above inflation over the medium term.

CHAPTER 5
CONSOLIDATED SPENDING PLANS

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