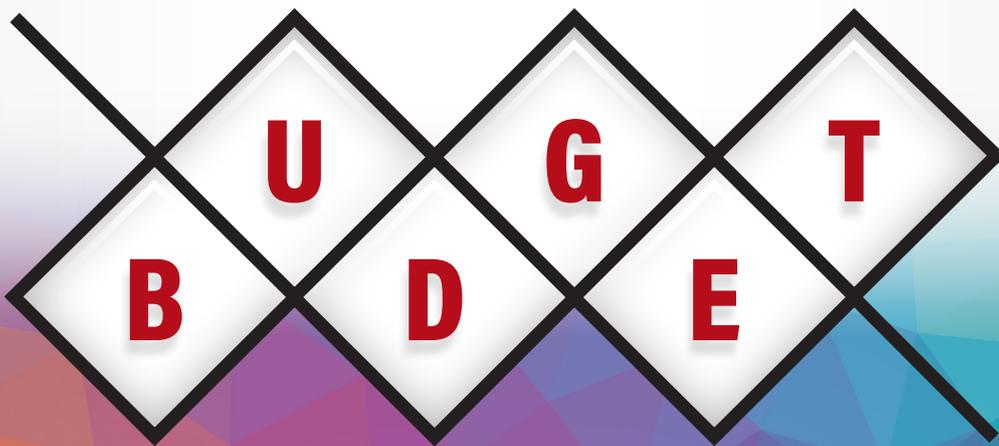


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# **Budget Review**

## **2026**

**National Treasury**

**Republic of South Africa**

**25 February 2026**



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## ECONOMIC FRAMEWORK/OUTLOOK

- The economy is expected to grow by 1.6 per cent in 2026, up from 1.4 per cent in 2025.
- Real GDP growth is forecast to reach 2 per cent by 2028, supported by continued momentum on structural reforms, improving confidence, lower interest rates and higher investment.
- Inflation is expected to increase from 3.2 per cent in 2025 to 3.4 per cent in 2026.
- Removing obstacles to reform and speeding up the pace of critical change in electricity, transport and water would unlock higher rates of investment, growth and job creation.

## 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.



## KEY BUDGET STATISTICS

A full set of 2026 Budget data can be found in the statistical tables at the back of the *Budget Review*. The data on this page may differ from the statistical annexure due to classification definition and rounding.

### BUDGET REVENUE 2026/27

R billion	
<b>Tax revenue</b>	<b>2 127.0</b>
of which:	
Personal income tax	844.8
Corporate income tax	364.3
Value-added tax	521.4
Taxes on international trade and transactions	89.0
<b>Non-tax revenue</b>	<b>33.4</b>
Less: SACU payments	-78.4
<b>Main budget revenue</b>	<b>2 082.0</b>
Provinces' social security funds and public entities	263.4
<b>Consolidated budget revenue</b>	<b>2 345.4</b>
As percentage of GDP	
Tax revenue	26.0%
Main budget revenue	25.4%

### MACROECONOMIC PERFORMANCE AND PROJECTIONS

Percentage change	2024	2025	2026	2027	2028
	Actual	Estimate	Forecast		
Household consumption	1.0	3.1	1.8	2.0	2.2
Gross fixed-capital formation	-3.9	-2.0	2.4	3.3	3.9
Exports	-2.8	-2.0	1.6	2.4	2.9
Imports	-6.4	1.0	3.0	2.9	3.1
<b>Real GDP growth</b>	<b>0.5</b>	<b>1.4</b>	<b>1.6</b>	<b>1.8</b>	<b>2.0</b>
CPI inflation	4.4	3.2	3.4	3.3	3.2
Current account balance (% of GDP)	-0.7	-0.9	-1.0	-1.2	-1.3

### CONSOLIDATED FISCAL FRAMEWORK

R billion/percentage of GDP	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Outcome		Estimate	Medium-term estimates			
<b>Revenue</b>	<b>1 902.4</b>	<b>1 950.2</b>	<b>2 053.8</b>	<b>2 231.7</b>	<b>2 345.4</b>	<b>2 467.3</b>	<b>2 612.7</b>
	28.1%	27.4%	27.8%	28.8%	28.6%	28.6%	28.8%
<b>Expenditure</b>	<b>2 146.6</b>	<b>2 256.7</b>	<b>2 389.8</b>	<b>2 578.9</b>	<b>2 669.7</b>	<b>2 768.1</b>	<b>2 893.4</b>
	31.7%	31.7%	32.3%	33.2%	32.6%	32.1%	31.9%
<b>Budget balance</b>	<b>-244.2</b>	<b>-306.5</b>	<b>-336.0</b>	<b>-347.2</b>	<b>-324.3</b>	<b>-300.8</b>	<b>-280.7</b>
	-3.6%	-4.3%	-4.5%	-4.5%	-4.0%	-3.5%	-3.1%
<b>Gross domestic product</b>	<b>6 768.2</b>	<b>7 114.4</b>	<b>7 398.9</b>	<b>7 756.7</b>	<b>8 188.1</b>	<b>8 615.1</b>	<b>9 077.3</b>

### DIVISION OF NATIONALLY RAISED REVENUE

R billion	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Outcome			Preliminary	Medium-term estimates		
<b>DIVISION OF AVAILABLE FUNDS</b>							
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
Provisional allocation not appropriated	-	-	-	-	1.3	38.2	39.2
<b>Non-interest allocation</b>	<b>1 700.7</b>	<b>1 690.8</b>	<b>1 758.8</b>	<b>1 906.5</b>	<b>1 945.8</b>	<b>2 013.3</b>	<b>2 094.8</b>
<b>PERCENTAGE SHARES</b>							
National departments	50.3%	48.9%	48.9%	49.3%	48.9%	47.6%	48.1%
Provinces	40.8%	41.8%	41.5%	41.4%	41.7%	42.8%	42.4%
Local government	8.9%	9.3%	9.5%	9.4%	9.4%	9.6%	9.5%

### CONSOLIDATED SPENDING BY FUNCTIONAL AND ECONOMIC CLASSIFICATION 2026/27

R billion	Compensation of employees	Goods and services	Capital spending and transfers	Current transfers and subsidies	Interest payments	Total
Basic education	274.9	36.5	12.0	35.1	0.0	<b>358.6</b>
Post-school education and training	16.6	3.6	2.4	133.2	0.0	<b>155.8</b>
Arts, culture, sport and recreation	5.1	4.0	0.8	2.9	0.0	<b>12.9</b>
Health	200.0	89.2	13.7	7.5	0.0	<b>310.4</b>
Social protection	19.2	10.1	0.8	300.3	0.0	<b>330.5</b>
Social security funds	7.8	9.2	1.3	89.0	0.2	<b>107.6</b>
Public sector pensions	0.0	0.0	0.0	8.5	0.0	<b>8.5</b>
Community development	20.6	20.0	109.3	144.1	0.3	<b>294.3</b>
Industrialisation and exports	13.8	11.2	5.4	15.3	0.0	<b>45.8</b>
Labour affairs and works programmes	4.1	6.8	0.4	2.0	0.0	<b>13.2</b>
Economic regulation and infrastructure	29.8	69.7	54.4	2.7	7.4	<b>164.1</b>
Innovation, science and technology	6.6	5.3	2.0	7.5	0.0	<b>21.3</b>
Agriculture and rural development	16.0	15.3	2.5	5.6	0.1	<b>39.5</b>
Defence and state security	34.9	13.1	1.7	9.6	0.0	<b>59.3</b>
Police services	110.5	23.2	3.7	2.8	0.0	<b>140.1</b>
Law courts and prisons	43.8	14.1	1.5	1.5	0.0	<b>60.9</b>
Home affairs	7.7	4.5	1.1	0.9	0.0	<b>14.3</b>
Executive and legislative organs	10.2	6.1	0.3	3.2	0.0	<b>19.8</b>
Public administration and fiscal affairs	27.5	18.3	2.4	7.3	0.0	<b>55.4</b>
External affairs	3.4	2.5	0.4	2.7	0.2	<b>9.2</b>
Payments for financial assets						<b>10.8</b>
Debt-service costs					432.4	<b>432.4</b>
<b>Contingency reserve</b>						<b>5.0</b>
<b>Total</b>	<b>852.6</b>	<b>362.8</b>	<b>216.1</b>	<b>781.6</b>	<b>440.7</b>	<b>2 669.7</b>

Note: Payments for financial assets are not shown in the table but are included in the row totals.

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25 February  
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# 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	<b>R164.1bn</b>
Industrialisation and exports	<b>R45.8bn</b>
Agriculture and rural development	<b>R39.5bn</b>
Labour affairs and works programmes	<b>R13.2bn</b>
Innovation, science and technology	<b>R21.3bn</b>

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



**R527.2bn**

**LEARNING  
AND CULTURE**



**R274.6bn**

**PEACE AND  
SECURITY**

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

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



**R310.4bn**

**HEALTH**



**R84.4bn**

**GENERAL PUBLIC  
SERVICES**

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

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



**R294.3bn**

**COMMUNITY  
DEVELOPMENT**



**R432.4bn**

**DEBT-SERVICE COSTS**

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



**R446.6bn**

**SOCIAL  
DEVELOPMENT**



**R5.0bn**

**CONTINGENCY RESERVE**



## FOREWORD

The 2026 Budget marks an important turning point for South Africa. Determined action has put the country's public finances on a sustainable footing, enhancing fiscal credibility.

The outlook for economic growth is improving as reforms gather pace. Our public finances are emerging from the fiscal wilderness. A nascent confidence is reflected in our investment and borrowing environment. Over the next three years real GDP growth is expected to average 1.8 per cent and inflation expectations are shifting lower in line with the 3 per cent target. Public-sector infrastructure initiatives have begun to attract significant private investment. And this budget signals a major shift in the effort to fix local government.

The long stretch of rising public debt that began in the wake of the 2008 global financial crisis imposed significant costs on our country, consuming enormous resources that could have been better used to build our economy and strengthen public services. That period of rising debt has come to an end.

The opportunity before us is to use these foundations as a launch pad for faster, job-creating economic growth. There is broad agreement in the government of national unity on this transition to a higher-growth economy through targeted reforms and investments. This budget also recognises that we need stronger economic performance to improve the lives of the poor and vulnerable in our society.

Going for growth means maintaining macroeconomic stability; speeding up structural reforms in water, transport and electricity; boosting state capability; and increasing public infrastructure investment. The *Budget Review* details work under way in each of these areas.

A series of reforms is under way to mobilise private investment and expertise and accelerate public-sector delivery. Government's own capital spending over the medium term grows at nearly 10 per cent a year.

In line with the commitment made by the National Treasury three years ago, public debt stabilises as a percentage of GDP in the current year and is reduced over the medium term.

With the fiscal strategy on course, government has withdrawn tax increases it had pencilled in for this budget and proposes inflationary relief for taxpayers to support the recovery.

Consistent fiscal discipline, along with government's decision to reduce the inflation target, has improved investor perceptions and narrowed the risk premium investors attach to South Africa. The combined benefits of this approach are evident in the decline in government's borrowing costs and a more favourable environment for private investment.

And while the budget remains highly redistributive – with 60 per cent of spending going to the social wage – government is working to make that spending more efficient and effective.

Establishing common ground for this budget would not have been possible without the leadership of Cabinet, and the Minister and Deputy Ministers of Finance. I extend my gratitude to them, and to the Parliamentary Portfolio Committees on Finance and Appropriations, the Budget Council, the Directors-General who serve on the Technical Committee on the Budget and colleagues across the government for their contributions. Finally, I express my appreciation to my National Treasury colleagues, who work without fail to fulfil their obligations to the Constitution and the people of South Africa.



Dr Duncan Pieterse  
Director-General



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**2026 BUDGET REVIEW**  
**A FISCAL TURNING  
POINT IN A RESILIENT  
ECONOMY**



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



**In brief**

- The economic outlook has improved moderately, and the public finances have reached an important milestone.
- Real GDP growth of 1.4 per cent is estimated for 2025, rising to 2 per cent in 2028.
- The debt ratio will stabilise in this financial year and decline thereafter. This will reduce medium-term debt-service costs as a share of revenue and support the sustainable provision of public services.
- Inflation declined to 3.2 per cent in 2025 compared with 4.4 per cent in 2024, helping to improve affordability for households and keep interest rates lower.
- Growth-enhancing reforms have progressed in energy, transport, telecommunications and visa provision. But overcoming obstacles to implementation, higher investment and improvements in basic services remain critical to creating jobs and reducing poverty.
- Budget reforms are under way to make government more efficient and cut wasteful programmes and activities.

**OVERVIEW**

The 2026 Budget marks the achievement of important fiscal policy goals. The economy has proven resilient, reforms to increase growth have made notable progress and confidence is being restored.

Government is delivering on its pledge to rebuild the health of the public finances, as initially set out in the *2023 Budget Review*. Public debt is stabilising this financial year and will decline thereafter, enabling government to protect funding for key public services. Lower borrowing costs and an improved inflation outlook following the decision to reduce the inflation target to 3 per cent will also encourage private investment and job creation. Medium-term fiscal policy is anchored by the primary budget surplus, which means revenue exceeds non-interest spending. This surplus continues to grow over the next three years, placing public debt on a sustainable path.

The R20 billion tax increase provisionally announced for the 2026 Budget is withdrawn. Government remains on track to achieve its fiscal targets over the medium term without burdening taxpayers with further increases or harming the nascent economic recovery.

The economy is estimated to have grown by 1.4 per cent in 2025, up from 0.5 per cent in 2024. A fourth consecutive quarter of growth indicates emerging optimism about economic prospects, more reliable energy and logistics provision, stronger public finances and lower borrowing costs.

Nevertheless, structural constraints continue to limit economic growth and investment. Growth remains well below the levels needed to meaningfully reduce unemployment and generate sufficient revenue to expand social and economic services. Critical reforms to increase GDP growth, improve government efficiency and scale up public investment have been prioritised to add momentum to the economic recovery.



The 2026 Budget also signals a fundamental shift in the effort to fix local government. For over a decade, intergovernmental flows have masked financial weaknesses in subnational government. With 63 per cent (162) of municipalities in financial distress in 2023/24, and provinces struggling to balance compensation costs and service delivery, this approach has reached its limit. As outlined in Chapter 6, government is now moving from oversight to active structural intervention.

Although the global economy has also demonstrated resilience, risks are elevated. In this environment, South Africa needs to look to domestic drivers to spur the economy. A key focus remains improving the performance of major state-owned companies to ensure that electricity, logistics and passenger transport enable rather than constrain growth. More rapid action to overcome obstacles to reform will support the economy and development.

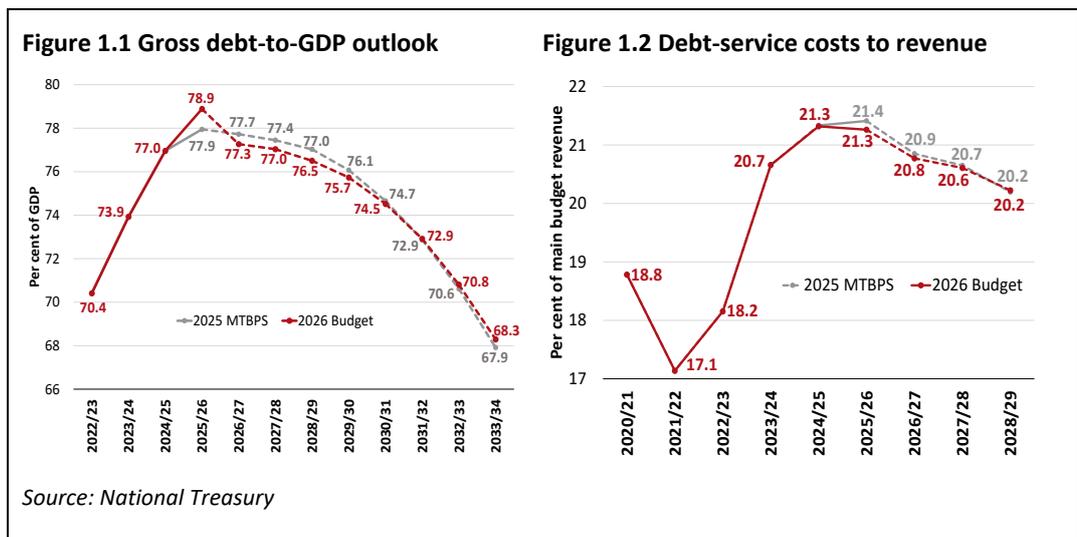
### FISCAL OUTLOOK



Fiscal policy balances the need to narrow the budget deficit and reduce debt with the obligation to protect public services and support the economy. Low growth and high debt-service costs have made this balance difficult, but it remains the most sustainable policy stance. Government remains on course to restore the health of the public finances.

#### Trends in the fiscal balances and debt

Since 2021/22, the main budget deficit has declined from 5.1 per cent of GDP to a projected 4.5 per cent in 2025/26 and is projected to narrow further to 2.9 per cent in 2028/29. In 2023/24, the primary balance swung from deficit to surplus for the first time since the 2008 global financial crisis. It will grow to 2.3 per cent of GDP in 2028/29. As a result, debt as a share of GDP will decline over the next three years and the cost of servicing that debt will reduce from 21.3 per cent of revenue in 2025/26 to 20.2 per cent in 2028/29. These developments reflect a determined approach to repair the public finances while creating a foundation for stronger and sustainable economic growth.



The debt stabilisation point is higher than anticipated, as shown in Figure 1.1. This is due in part to lower inflation and therefore weaker nominal GDP. The stock of debt is also affected by government's decision to take advantage of positive market sentiment by increasing its cash holdings in 2025/26 to better navigate large redemptions due over the medium term.

In the current year, most key fiscal metrics – revenue, the deficit and debt-service costs – are better than were projected at the time of the 2025 *Medium Term Budget Policy Statement* (MTBPS) in nominal terms.

As announced in the 2025 MTBPS, government is managing risks by increasing spending in 2025/26 for strategic public infrastructure projects, including passenger rail and rehabilitation projects at Transnet.

Revenue collection for the current year is stronger than expected at the time of the 2025 Budget. The expected outcome for tax and non-tax revenue for 2025/26 is revised to R1.98 trillion in the latest estimates, up from R1.95 trillion in the 2025 Budget, due to steady economic growth and commodity price increases.

Last year's Budget announced that R20 billion in tax increases would be proposed in the 2026 Budget to fund new and persistent spending pressures. Given the opportunity presented by higher-than-expected in-year revenues and the projected achievement of key fiscal targets, this proposal is withdrawn. Medium-term revenues are forecast to remain stable, and the tax-to-GDP ratio will average 26.1 per cent through to 2028/29.

The 2026 Budget maintains the broad medium-term spending plans and fiscal trajectory outlined in the 2025 MTBPS. Consolidated government expenditure is expected to grow from R2.58 trillion in 2025/26 to R2.89 trillion in 2028/29. As outlined in Chapter 5, greater emphasis is now being placed on improving the efficiency of state expenditure. Departments will need to be more deliberate in motivating their budgets rather than simply increasing them by inflation each year, with a focus on providing evidence-based assessment for the continuation of programmes and projects.



#### **Entrenching sound fiscal principles in law**

In 2026, the National Treasury, in consultation with Cabinet, will undertake detailed analytical work to prepare legislation to anchor sound fiscal principles in law.

Adopting such an approach is intended to avoid unsustainable practices that damage national development. In particular, the proposal is informed by recent experience. Since 2008/09, government's debt ratio has more than tripled. Debt-service costs have risen from 8.8 per cent of revenue to 21.3 per cent in 2025/26, crowding out other spending. It has taken a large-scale consolidation effort to rein in debt for the benefit of all South Africans.

To build confidence and maintain the gains of fiscal consolidation without resorting to painful spending cuts or tax increases, the National Treasury will propose a principles-based obligation to anchor fiscal sustainability in law. It will require each new government to table a plan to ensure that the fiscal position is sustainable throughout its term of office and that an appropriate fiscal metric is selected to measure compliance. Chapter 3 outlines the overall fiscal strategy and provides more discussion on this proposal.

## ECONOMIC STRATEGY



Chapter 2 outlines the four elements of government's economic strategy:

- **Macroeconomic stability** has been enhanced by the consistent focus on stronger public finances and the reduction of the inflation target to 3 per cent.
- Led through Operation Vulindlela, **structural reforms** have helped to increase private-sector participation in strategic areas of the economy, such as freight rail. Chapter 2 reports on the progress of these reforms and highlights areas where more rapid action is required to overcome obstacles.
- Reforms to build **state capacity** focus on improving effective delivery of public goods and services. Over the next three years, Operation Vulindlela will expand to support improved performance in municipalities. Government is also taking steps to arrest and reverse deteriorating local government finances.
- Government is increasing funding for strategic capital projects and is reforming institutional arrangements to accelerate **delivery of infrastructure** projects.



The benefits of this strategy have started to become evident. Enhancing monetary policy certainty and consistent delivery on the fiscal strategy have prompted a virtuous cycle, especially in the period following the tabling of the 2025 MTBPS. South Africa received its first sovereign credit rating upgrade by one of the major agencies since 2009. Lower inflation and stronger public finances have boosted confidence and reduced risk, leading to lower borrowing costs and stronger investment conditions.

Much work is needed to improve the delivery of public goods, but the recent removal of South Africa from the Financial Action Task Force grey list illustrates the depth of capacity that can be assembled. Government will build on this success in other areas.

### Public investment in priority projects



Annexure D provides a detailed outline of key public infrastructure projects approved and under way, and associated reforms to mobilise private finance and support rapid, effective delivery. Infrastructure investments in the public sector are distributed across the three spheres of government and in public entities and state-owned companies. Over the next three years, total planned infrastructure expenditure will amount to R1.07 trillion, of which 54.1 per cent, or R577.4 billion, will be executed by state-owned companies and public entities, with funding pooled from the national budget, own revenue and private investors. Boosting infrastructure investment will spur longer-term economic growth by removing constraints in areas such as transport, energy and water, and in the short term by raising demand for workers and inputs.

In 2025, government issued its first sovereign infrastructure and development finance bond, raising R11.8 billion at favourable rates that reflect strong market interest in financing public investment projects. These funds will be ring-fenced for strategic capital projects, based on a rigorous assessment process by the Budget Facility for Infrastructure.

During 2025/26, the facility approved five projects with a total value of R49.5 billion, of which it will fund R21.9 billion.

**Table 1.1 Public-sector infrastructure expenditure and estimates – summary**

R billion	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	MTEF
	Outcomes			Revised estimate	Medium-term estimates			Total
Energy	38.7	46.1	50.6	59.2	69.0	74.4	70.3	213.6
Water and sanitation	35.4	27.5	48.6	62.7	61.2	60.8	63.2	185.2
Transport and logistics	86.4	75.1	109.6	130.7	135.8	147.4	134.4	417.6
Other economic services	18.9	48.1	21.4	24.6	21.9	21.9	21.7	65.4
Health	11.9	13.1	13.6	15.8	14.5	14.4	14.6	43.5
Education	21.1	14.5	19.8	19.1	18.7	20.2	19.5	58.5
Human settlements <sup>1</sup>	14.3	21.3	17.2	18.1	15.5	16.2	16.7	48.4
Other social services	3.3	0.5	3.5	4.6	3.7	3.1	3.1	9.8
Administration services <sup>2</sup>	9.0	10.7	7.4	10.5	8.8	9.3	6.3	24.4
<b>Total</b>	<b>238.8</b>	<b>256.9</b>	<b>291.7</b>	<b>345.2</b>	<b>349.0</b>	<b>367.6</b>	<b>349.7</b>	<b>1 066.4</b>
National departments	13.2	14.2	13.8	16.1	12.8	13.6	13.8	40.2
Provincial departments	60.1	73.2	71.5	78.9	74.1	71.6	72.2	217.8
Local government	64.7	56.8	72.0	71.0	68.9	67.4	69.5	205.7
Public entities <sup>3</sup>	26.8	26.4	25.9	40.2	41.9	46.9	43.1	131.9
Public-private partnerships	6.0	6.8	7.1	7.8	8.2	8.3	8.7	25.2
State-owned companies <sup>3</sup>	67.9	79.4	101.4	131.2	143.2	159.9	142.4	445.5
<b>Total</b>	<b>238.8</b>	<b>256.9</b>	<b>291.7</b>	<b>345.2</b>	<b>349.0</b>	<b>367.6</b>	<b>349.7</b>	<b>1 066.4</b>

1. Human settlements includes public housing and bulk infrastructure amounting to R48.4 billion over the MTEF period

2. Administration services include infrastructure spending by the departments of International Relations

and Cooperation, Home Affairs, and Public Works and Infrastructure, and Statistics South Africa and their entities

3. Public entities are financed by capital transfers from the fiscus and state-owned companies are financed from a combination of own revenue and borrowings

Source: National Treasury

Other infrastructure delivery reforms are proceeding steadily. The National Treasury and the Development Bank of Southern Africa are laying the groundwork for the Infrastructure Finance and Implementation Support Agency. Public-private partnership regulations for national and provincial governments have been revised, and amendments to the municipal regulations will be concluded in June 2026. A performance-based conditional grant was introduced in 2025 to reform metropolitan trading entities responsible for services such as electricity, water, sanitation and waste management and to ensure they re-invest revenues from services into infrastructure. This has been allocated R27.7 billion over the medium term.



## EFFICIENCY AND SAVINGS

### Targeted and Responsible Savings

The initial outcomes of the Targeted and Responsible Savings (TARS) initiative are outlined in Chapter 5. This initiative has helped elevate a different dimension of the budget process by forcing departments to engage with programme efficiency and effectiveness when seeking funds for different priorities. An example is the scaling down of the *public transport network grant*, which enabled the shifting of funds towards passenger rail services without increasing the total spending ceiling. Overall, the first round of this process has identified R12 billion in wasteful or ineffective programmes. Over the medium term, government intends to realise more savings.



## Early Retirement Programme

Government has begun implementing its Early Retirement Programme to rejuvenate the public-sector workforce and manage compensation costs. Since the programme commenced in October 2025, 7 687 applications have been approved, while R3.7 billion of the available amount has been drawn down. The estimated net saving from this programme is 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.

## Ghost worker audit



The phenomenon of non-existent or ineligible individuals receiving state salaries has been one of the most striking weaknesses of public financial management. A sophisticated verification process is under way to address this. Preliminary results from national and provincial departments have been verified with the Department of Public Service and Administration and the audit has flagged 4 323 high-risk cases where payroll system fraud may be involved. As outlined in Chapter 5, further steps are being taken to verify these cases.

## SUMMARY OF THE 2026 BUDGET

### Economic outlook

Real GDP growth for 2025 is estimated at 1.4 per cent, compared with 1.2 per cent at the time of the 2025 MTBPS. Household consumption remains resilient, while exports will benefit from stronger commodity prices over the medium term. Chapter 2 outlines the economic outlook.

**Table 1.2 Macroeconomic outlook – summary**

Real percentage growth	2025	2026	2027	2028
	Estimate	Forecast		
Household consumption	3.1	1.8	2.0	2.2
Gross fixed-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
<b>GDP growth</b>	<b>1.4</b>	<b>1.6</b>	<b>1.8</b>	<b>2.0</b>
Consumer price index (CPI) inflation	3.2	3.4	3.3	3.2
Current account balance (% of GDP)	-0.9	-1.0	-1.2	-1.3

Source: National Treasury, Reserve Bank and Statistics South Africa

### Fiscal outlook

The consolidated budget deficit continues to decline over the medium-term expenditure framework (MTEF) period, narrowing from 4.5 per cent of GDP in 2025/26 to 3.1 per cent in 2028/29. Gross loan debt stabilises this year at 78.9 per cent of GDP. Debt-service costs continue to rise in nominal terms, from R420.6 billion in 2025/26 to R469.3 billion in 2028/29, but as a percentage of revenue they also peak in the current financial year and then decline. Chapter 3 presents the fiscal outlook.

**Table 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 28.8%	2 345.4 28.6%	2 467.3 28.6%	2 612.7 28.8%
Expenditure	2 578.9 33.2%	2 669.7 32.6%	2 768.1 32.1%	2 893.4 31.9%
Budget balance	-347.2 -4.5%	-324.3 -4.0%	-300.8 -3.5%	-280.7 -3.1%

Source: National Treasury

## Revenue trends and tax proposals

Chapter 4 reviews revenue trends and tax proposals. Gross tax revenue in 2025/26 is estimated to reach R2.01 trillion, which is R21.3 billion above 2025 Budget estimates. Over the MTEF period, tax revenues will rise from R2.13 trillion in 2026/27 to R2.38 trillion in 2028/29, and the tax-to-GDP ratio will average 26.1 per cent. After two years with no inflationary relief, personal income tax brackets and medical tax credits will be fully adjusted for inflation. Other tax thresholds and limits are also adjusted for inflation.

**Table 1.4 Impact of tax proposals on medium-term revenue<sup>1</sup>**

R million	2026/27	2027/28	2028/29
	Effect of tax proposals		
Gross tax revenue (before 2026 Budget tax proposals)	2 126 962	2 248 628	2 376 153
2026 Budget proposals <sup>2</sup>	–		
Direct taxes <sup>3</sup>	–		
Personal income tax			
Inflationary adjustment to tax brackets and rebates	–		
Inflationary adjustment to medical tax credits	–		
Indirect taxes <sup>3</sup>	–		
Fuel levy			
Below inflation adjustment to general fuel levy	-1 000	-1 052	-1 109
Above inflation adjustment to carbon fuel levy	1 000	1 052	1 109
Specific excise duties			
Inflationary increase in excise duties on alcohol and tobacco	–		
Net impact of tax proposals	–	–	–
Gross tax revenue (after tax proposals)	2 126 962	2 248 628	2 376 153

1. Revenue changes are in relation to thresholds that have been fully adjusted for inflation

2. In-year tax increase with no carry through

3. Includes carry-through effect of tax policy proposals

Source: National Treasury

## Medium-term spending plans

Chapter 5 provides details on expenditure plans and policy. Consolidated government spending increases from R2.58 trillion in 2025/26 to R2.89 trillion in 2028/29, an annual growth of 0.6 per cent in real terms.

**Table 1.5 Consolidated government expenditure by function**

R billion	2025/26	2026/27	Average growth
	Revised estimate	Budget estimate	2025/26–2028/29
Learning and culture	514.3	527.2	3.4%
Health	295.4	310.4	4.2%
Social development	412.2	446.6	4.2%
Community development	291.0	294.3	3.9%
Economic development	269.1	283.9	5.8%
Peace and security	268.2	274.6	2.8%
General public services	86.5	84.4	1.0%
Payments for financial assets	21.6	10.8	
<b>Allocated expenditure</b>	<b>2 158.2</b>	<b>2 232.2</b>	<b>3.7%</b>
Debt-service costs	420.6	432.4	3.7%
Contingency reserve	–	5.0	
<b>Consolidated expenditure<sup>1</sup></b>	<b>2 578.9</b>	<b>2 669.7</b>	<b>3.9%</b>

1. Consisting of national and provincial government, social security funds and selected public entities. Refer to Annexure W2 on the National Treasury website for a full list of entities included

Source: National Treasury

## Division of revenue

Over the next three years, excluding debt-service costs, the contingency reserve and provisional allocations, 48.2 per cent of nationally raised revenue is allocated to national government, 42.3 per cent to provinces and 9.5 per cent to local government. The division of revenue is outlined in Chapter 6, which also sets out a series of major reforms in subnational government, with a focus on addressing municipal dysfunction.

**Table 1.6 Division of revenue**

R billion	2025/26	2026/27	2027/28	2028/29
	Preliminary outcome	Medium-term estimates		
National allocations	939.4	951.7	939.9	987.9
Provincial allocations	788.8	810.5	845.9	872.4
<i>Equitable share</i>	649.3	670.3	698.6	720.4
<i>Conditional grants</i>	139.4	140.2	147.2	152.0
Local government allocations	178.3	182.3	189.3	195.3
Provisional allocations not appropriated	–	1.3	38.2	39.2
<b>Total allocations</b>	<b>1 906.5</b>	<b>1 945.8</b>	<b>2 013.3</b>	<b>2 094.8</b>
Percentage shares				
<i>National</i>	49.3%	48.9%	47.6%	48.1%
<i>Provincial</i>	41.4%	41.7%	42.8%	42.4%
<i>Local government</i>	9.4%	9.4%	9.6%	9.5%

Source: National Treasury

## Government debt and contingent liabilities

Chapter 7 reviews government debt and contingent liabilities. Gross government debt is projected to reach R6.12 trillion or 78.9 per cent of GDP in 2025/26. Debt stabilises in the current year. Debt-service costs also peak in 2025/26 as a percentage of GDP and revenue.

**Table 1.7 Projected state debt and debt-service costs**

R billion/percentage of GDP	2025/26	2026/27	2027/28	2028/29
<b>Gross loan debt</b>	<b>6 118.7</b>	<b>6 326.4</b>	<b>6 636.4</b>	<b>6 944.1</b>
	78.9%	77.3%	77.0%	76.5%
<b>Debt-service costs</b>	<b>420.6</b>	<b>432.4</b>	<b>451.4</b>	<b>469.3</b>
	5.4%	5.3%	5.2%	5.2%

Source: National Treasury

## Financial position of public-sector institutions

There is significant variation in the financial positions of public-sector institutions. Details are provided in Chapter 8. As outlined in the Fiscal Risk Statement in the 2025 MTBPS, large state-owned companies continue to pose a fiscal risk, with significant contingent liabilities in the form of sovereign guarantees and lingering requests for financial support from government.



**Table 1.8 Combined financial position of public institutions**

R billion/net asset value	2022/23	2023/24	2024/25
State-owned companies	422.0	398.8	533.4
Development finance institutions	161.8	166.0	165.2
Social security funds	-158.1	-123.2	-94.5
Other public entities <sup>1</sup>	1 138.8	1 248.4	1 372.2

1. State-owned institutions without a commercial mandate and listed in either schedule 1 or 3 of the PFMA

Source: National Treasury

## **BUDGET DOCUMENTATION**

The 2026 Budget is accompanied by several other documents and submissions to Parliament. These include:

- The Budget Speech
- The Division of Revenue Bill
- The Appropriation Bill
- The Estimates of National Expenditure

The following documents are presented electronically:

- The People's Guide to the Budget
- Gender Budget Statement
- Annexure W1: Explanatory memorandum to the division of revenue
- Annexure W2: Structure of the government accounts

These and other fiscal and financial publications are available online at [www.treasury.gov.za](http://www.treasury.gov.za).

2

2026 BUDGET REVIEW  
**ECONOMIC  
OUTLOOK**



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



**In brief**

- The economy is expected to grow by 1.6 per cent in 2026, up from 1.4 per cent in 2025.
- Real GDP growth is forecast to reach 2 per cent by 2028, supported by continued momentum on structural reforms, improving confidence, lower interest rates and higher investment.
- A lower inflation target and improved management of the public finances have helped to boost investor confidence and reduce borrowing costs.
- Removing obstacles to reform and speeding up the pace of critical change in electricity, transport and water would unlock higher rates of investment, growth and job creation.

**OVERVIEW**

South Africa's economic recovery is starting to gain traction. The economy is now expected to have grown by 1.4 per cent in 2025, up from the 1.2 per cent projected in the 2025 *Medium Term Budget Policy Statement* (MTBPS). Real GDP growth is forecast to average 1.8 per cent from 2026 to 2028. Improved macroeconomic stability, progress on reforms and South Africa's removal from the Financial Action Task Force grey list have bolstered investor confidence and contributed to a sovereign credit rating upgrade by S&P Global. Consequently, borrowing costs have fallen, supporting the medium-term growth outlook.



The economy continues to face structural constraints, including elevated unemployment, transport bottlenecks and infrastructure backlogs. Sustained growth requires faster implementation of reforms especially in energy, water and transport, continued fiscal prudence, and improved public-sector service delivery and efficiency. The growth strategy continues to focus on:

- Maintaining macroeconomic stability
- Implementing structural reforms
- Boosting state capability
- Raising the level of public infrastructure investment.

**BUILDING GROWTH MOMENTUM**

**Maintaining macroeconomic stability**

Macroeconomic stability is a necessary foundation for sustained growth and investment. Government has enhanced stability by delivering on its plan to stabilise public debt in the current financial year. This commitment to fiscal prudence strengthens policy credibility, supports lower risk premiums and frees resources for allocation towards growth-enhancing and developmental priorities. Government's commitment to South Africa's sound monetary policy framework has reinforced this progress.



In November 2025, the Minister of Finance announced a new, lower inflation target of 3 per cent, with a 1 percentage point tolerance band, which is expected to anchor inflation

expectations at a lower level and reduce inflation over time. This has supported confidence, reflected in improved sovereign credit ratings. Lower and more stable inflation will support real household incomes and consumer spending, while reducing borrowing costs and strengthening the environment for longer-term investment and growth.

Maintaining stability will require continued discipline in public finances, maintaining the application of effective monetary policy and improving the efficiency of public spending.

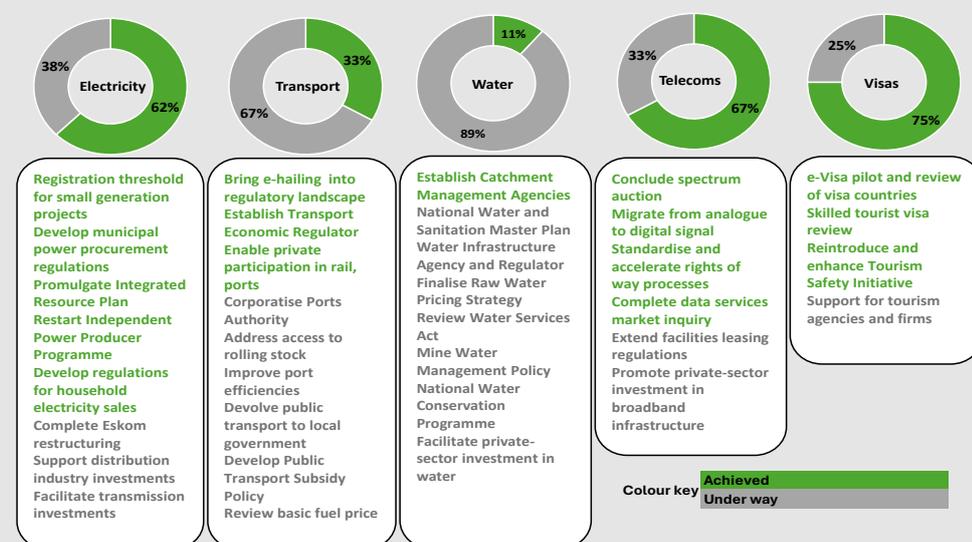
## Accelerating implementation of growth-enabling reforms

The box below shows the progress of reforms originally proposed by the National Treasury, most of which are implemented through Operation Vulindlela (OV).

### Structural reforms: From planning to progress

The growth strategy published by the National Treasury in 2019 targeted five areas to raise long-term growth: modernising network industries, increasing competition and small-business participation, promoting labour-intensive sectors, improving industrial and trade policy, and boosting export competitiveness. It was estimated that with full implementation, growth could be raised by 2.3 percentage points over 10 years. OV was established to implement a subset of these reforms. Progress on this subset is reflected below.

Figure 2.1 Summary of progress on reform strategy



Source: National Treasury assessment

The impact of completed reform activities includes:

- Over 23 900 megawatts (MW) of private investment, mostly in renewable energy.
- Improvement in Eskom operations, with load-shedding suspended since May 2025.
- Stabilisation of freight rail volumes.
- A 51 per cent reduction in the cost of a 1.5 GB data bundle.
- A decrease in average days needed to obtain a water use licence from 300 to 90.

Work continues on the full suite of reforms, including the second phase of OV.

## Progress in key areas and focus areas to unlock progress

Significant progress has been made in transforming the electricity sector to meet current and future demand, and to support the long-term transition towards cleaner energy, while encouraging private investment. Since the 2025 MTBPS, the National Transmission Company of South Africa's market operator licence has been approved by the National Energy Regulator of South Africa (NERSA) – a necessary step in establishing a competitive electricity market. The regulator approved grid capacity allocation, which will ease administrative constraints that have delayed new generation investments. NERSA has also published regulations on transmission infrastructure, which are expected to unlock private investment in new transmission infrastructure.



Four additional electricity generation projects were announced under the seventh bid window of the Renewable Energy Independent Power Producer Programme, adding 890 MW and bringing total bid window capacity to 3 940 MW. The additional projects will add an estimated R16 billion in investment and over 4 000 jobs once constructed. Five projects under the programme completed construction in December 2025 and are now contributing 440 MW to the grid.

Transnet continues to increase rail freight volumes, reporting 81.4 million tons transported in the six months to September 2025 compared with 78 million tons over the same period in 2024. Private-sector participation is gathering pace. Transnet has signed a 25-year agreement with a private partner to upgrade and develop the Durban Container Terminal Pier 2, supporting investment in equipment and technology and raising handling capacity from 2 million to 2.8 million twenty-foot equivalent units (the standard unit of measure in containerised shipping). Seven of the 11 private train operating companies allocated slots on the freight network will start operations in the first quarter of 2027.



The National Water Resources Infrastructure Agency is expected to begin operations in 2026, supporting increased maintenance and investment in water infrastructure. Cabinet approved the National Water Amendment Bill in 2025. A National Water Crisis Committee has been established, centralising the coordination of implementation of water sector reforms and restoring service reliability.

In tourism, simplified applications facilitated visas for nearly 40 000 group travellers from China and India, contributing to an estimated 3 000 jobs. The introduction of the Electronic Travel Authorisation system, which enables online visa applications, biometric capture and real-time approvals, is expected to boost tourism from key growth markets.

Notwithstanding this progress, in several areas, implementation has been slow due to the complexity of reforms, and associated legislative and administrative processes. In the energy sector, limited availability and administrative delays have slowed allocation of grid capacity, and policy uncertainty has affected key enabling areas such as wheeling and trading of electricity. In transport, litigation slowed the conclusion of the port private-sector participation transaction. Similarly, delays in finalising policy matters and



procurement arrangements weigh on private investment. The pace of legislative processes has slowed water sector reforms.

Work is under way to unblock these delays. Technical support continues to be provided to conclude the corporatisation of the National Ports Authority. Outstanding regulatory processes on the Network Statement, designing of private-sector projects in logistics, and submission of market rules for the competitive electricity market to the regulator are being completed. In the electricity sector, a dedicated task team has been established to create a fully independent state-owned transmission entity. Ongoing interventions to address delays and overcome obstacles will support an improved GDP outlook in the years ahead.

### **Boosting state capability**

Effective reform implementation depends on a capable state. Phase II of Operation Vulindlela is prioritising reforms to arrest and reverse deterioration in local government that sap economic activity and affect millions of people on a daily basis.

Reforms under way include shifting to a utility model for water and electricity services, with metro trading services reforms having commenced. This model emphasises running these services like businesses that are accountable to government and the public. To date, government has allocated performance-based grants to seven qualifying municipalities to strengthen management accountability, financial transparency, cash flows and infrastructure maintenance in water, sanitation and electricity services.

The National Assembly has passed the Public Service Amendment Bill, which marks a step towards standardising and professionalising the appointment of senior officials in local government.

Chapter 6 reports on a number of other reforms expected to result from an update of the White Paper on Local Government and a review of the local government fiscal framework. In a number of cases, the National Treasury is invoking powers granted to it under section 216 of the Constitution to reverse financial deterioration in consistently non-performing municipalities.

### **Accelerating infrastructure investment**

South Africa's infrastructure deficit limits productivity and raises the cost of doing business, particularly through transport bottlenecks, water insecurity and uneven municipal service delivery. Accelerating investment, while improving project execution and maintenance, is critical to crowd in private capital and expand productive capacity.

Over the medium term, public-sector infrastructure spending amounts to R1.07 trillion. Investment will be supported by a pipeline of projects across energy (20 per cent), water (17.4 per cent) and transport infrastructure (39.2 per cent). Annexure D provides a detailed update on infrastructure reforms.



## GLOBAL OUTLOOK

The International Monetary Fund forecasts global growth of 3.3 per cent in 2026, similar to the 2025 outcome, with prospects continuing to diverge across regions. Advanced economies are expected to grow moderately. The United States is expected to benefit from lower domestic interest rates and strong technology-related investment, while growth in parts of Europe remains constrained by weak manufacturing, demographic pressures and energy-related adjustment costs owing to the Russia-Ukraine war.



Emerging market and developing economies are expected to continue growing faster than advanced economies, supported by resilient domestic demand in India and a gradual recovery across Sub-Saharan Africa. China's growth is expected to moderate as it transitions from investment-led expansion towards a more consumption-driven model – a shift that will influence global trade and commodity demand over the medium term.

Global trade volumes reflect increased trade frictions and the ongoing reconfiguration of value chains. In this context, strengthening South Africa's domestic growth drivers and diversifying its trading portfolios will help to sustain resilience and reduce vulnerability to external shocks.

Global inflation is expected to continue to decline in 2026, driven by lower energy prices, easing supply constraints and slower goods price inflation.

**Table 2.1 Economic growth in selected countries**

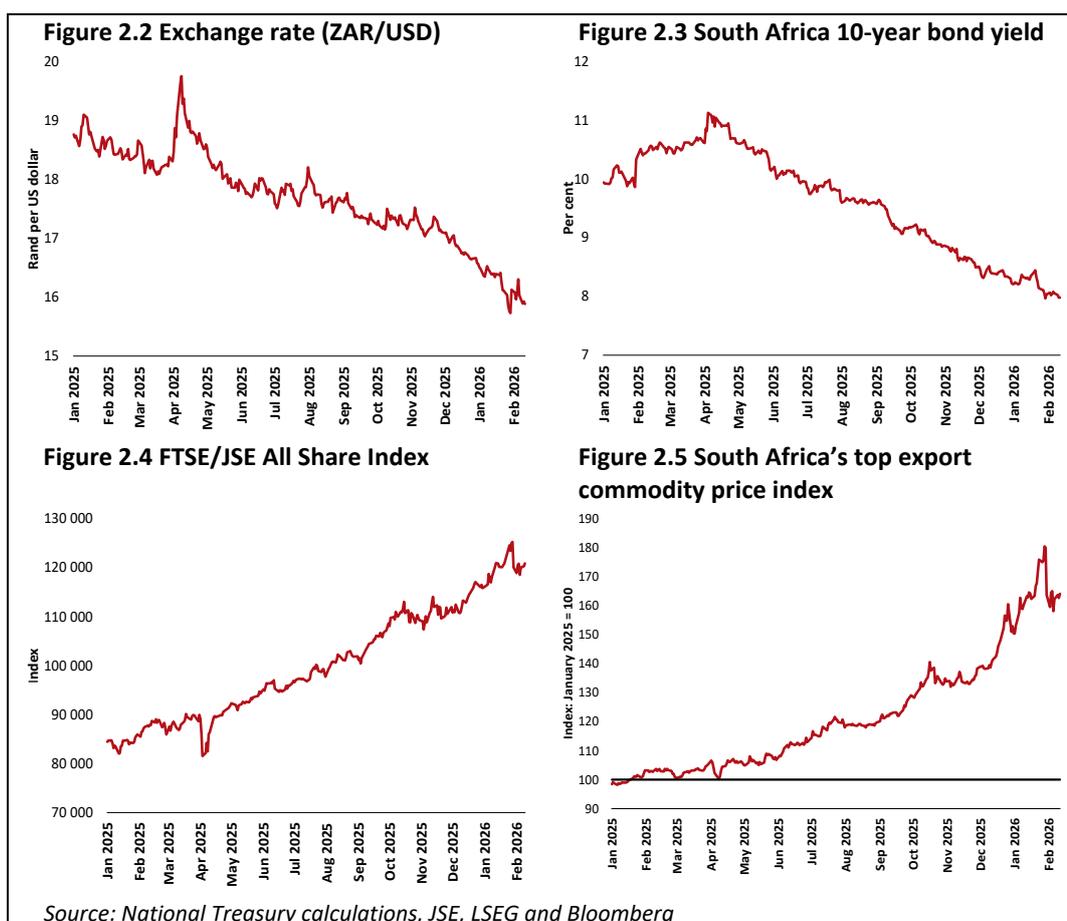
Region/country	2024	2025	2026	2027
Percentage	Actual	Estimate	Forecast	
<b>World</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.2</b>
<b>Advanced economies</b>	<b>1.8</b>	<b>1.7</b>	<b>1.8</b>	<b>1.7</b>
United States	2.8	2.1	2.4	2.0
Euro area	0.9	1.4	1.3	1.4
United Kingdom	1.1	1.4	1.3	1.5
Japan	0.1	1.1	0.7	0.6
<b>Emerging and developing countries</b>	<b>4.3</b>	<b>4.4</b>	<b>4.2</b>	<b>4.1</b>
Brazil	3.4	2.5	1.6	2.3
Russia	4.3	0.6	0.8	1.0
India	6.5	7.3	6.4	6.4
China	5.0	5.0	4.5	4.0
<b>Sub-Saharan Africa</b>	<b>4.1</b>	<b>4.4</b>	<b>4.6</b>	<b>4.6</b>
Nigeria	4.1	4.2	4.4	4.1
South Africa <sup>1</sup>	0.5	1.4	1.6	1.8
<b>World trade volumes</b>	<b>3.6</b>	<b>4.1</b>	<b>2.6</b>	<b>3.1</b>

1. National Treasury forecast

Source: IMF World Economic Outlook, January 2026

Globally, improved risk sentiment, supported by easing monetary conditions in major economies and strong performance in technology-related sectors, has lifted equity markets and encouraged investors to seek higher-yielding assets, while providing support to commodity prices.

Domestically, market performance has been amplified by strength in resource-linked shares amid firm commodity prices, alongside improved local sentiment and portfolio flows, which have supported the rand.



## DOMESTIC OUTLOOK



The National Treasury projects economic growth of 1.6 per cent in 2026, following an estimated 1.4 per cent growth in 2025. The 2025 growth outcome is an upward revision from 1.2 per cent growth projected at the time of the 2025 MTBPS. This reflects better-than-expected growth in the second half of 2025, supported by sustained activity in services alongside improved confidence and stronger household balance sheets. This momentum is expected to carry through into 2026.

Real GDP growth is projected to average 1.8 per cent over the medium term, reaching 2 per cent in 2028. Although household consumption is forecast to ease from the high growth estimated for 2025, it is expected to contribute the most to medium-term growth, supported by further gains in real purchasing power, moderately stronger wage growth, easing inflation, wealth gains from rising asset prices, improved consumer sentiment and better credit conditions. Additional support for growth is expected to come from private-sector investment – encouraged by a relatively resilient global environment – and easing domestic supply constraints. A continued recovery in rail and port capacity is also expected to boost foreign trade volumes over the medium term.

**Table 2.2 Macroeconomic performance and projections**

Percentage change	2024	2025	2026	2027	2028
	Actual	Estimate	Forecast		
Final household consumption	1.0	3.1	1.8	2.0	2.2
Final government consumption	-0.1	0.3	2.4	0.0	0.3
Gross fixed-capital formation	-3.9	-2.0	2.4	3.3	3.9
Gross domestic expenditure	-0.6	2.2	2.0	1.9	2.1
Exports	-2.8	-2.0	1.6	2.4	2.9
Imports	-6.4	1.0	3.0	2.9	3.1
<b>Real GDP growth</b>	<b>0.5</b>	<b>1.4</b>	<b>1.6</b>	<b>1.8</b>	<b>2.0</b>
GDP inflation	3.9	2.5	4.1	3.4	3.3
<b>GDP at current prices (R billion)</b>	<b>7 352</b>	<b>7 642</b>	<b>8 085</b>	<b>8 506</b>	<b>8 965</b>
CPI inflation	4.4	3.2	3.4	3.3	3.2
Current account balance (% of GDP)	-0.7	-0.9	-1.0	-1.2	-1.3

Sources: National Treasury, Reserve Bank and Statistics South Africa

## Employment

The official unemployment rate fell by 1.3 percentage points to 31.9 per cent in the first three quarters of 2025. Total employment reached a high of 17.1 million. However, the labour force absorption rate remains low at 40.6 per cent, below the pre-pandemic level of 43.1 per cent, indicating that only four out of 10 adults are employed or actively seeking work. South Africa's persistently and extremely high unemployment rate reflects the depth of structural constraints in the labour market, where labour force growth exceeds the pace of job creation.

Faster, more inclusive economic growth that expands productive capacity and supports labour-intensive sectors is the key to reducing unemployment. Achieving much higher levels of job creation over the medium to long term requires South Africa to address longstanding regulatory barriers, narrow spatial and infrastructure disparities, reduce high levels of crime, and improve education and training outcomes.

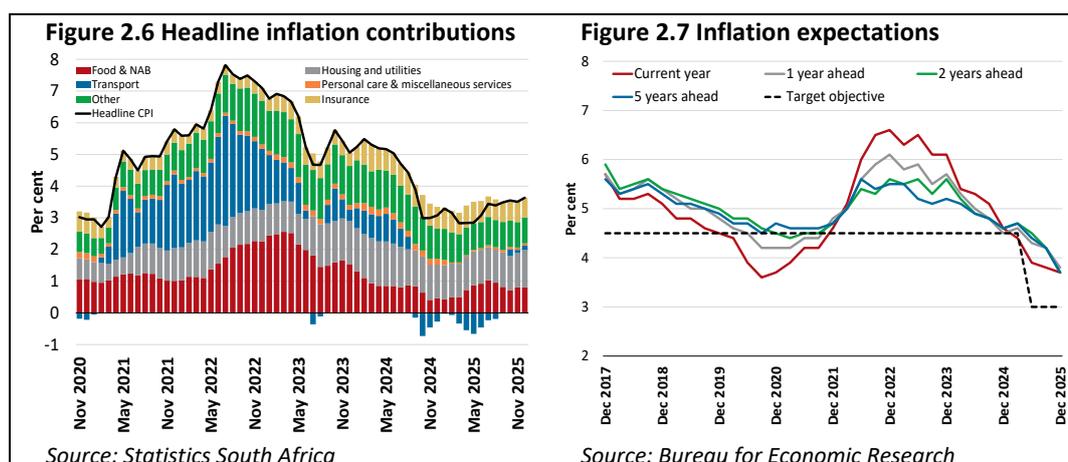


## Inflation

Inflation is expected to increase from 3.2 per cent in 2025 to 3.4 per cent in 2026, driven by higher food prices (particularly meat due to supply disruptions linked to foot-and-mouth disease). Inflation is forecast to ease to 3.3 per cent in 2027 and 3.2 per cent in 2028, but risks from geopolitical tensions, exchange rate volatility, administered prices and animal disease outbreaks remain elevated. The reduction of the inflation target to 3 per cent with a 1 percentage point tolerance band will structurally reduce inflation, helping to protect real income levels.

Inflation expectations have declined further, with the Bureau for Economic Research measure falling to its lowest level on record following the 2025 MTBPS announcement (Figure 2.7), indicating that expectations are adjusting to the new target quickly.





## Household consumption

Household consumption growth is expected to reach 3.1 per cent in 2025 before moderating to 1.8 per cent in 2026. This reflects a normalisation from previous above-trend growth, as inflation moderates and temporary income boosts from one-off factors such as the two-pot retirement system unwind. From 2026 to 2028, household consumption is forecast to average 2 per cent, continuing to benefit from rising wages, lower inflation, gradual interest rate easing, a stable power supply and improved sentiment.

## Investment

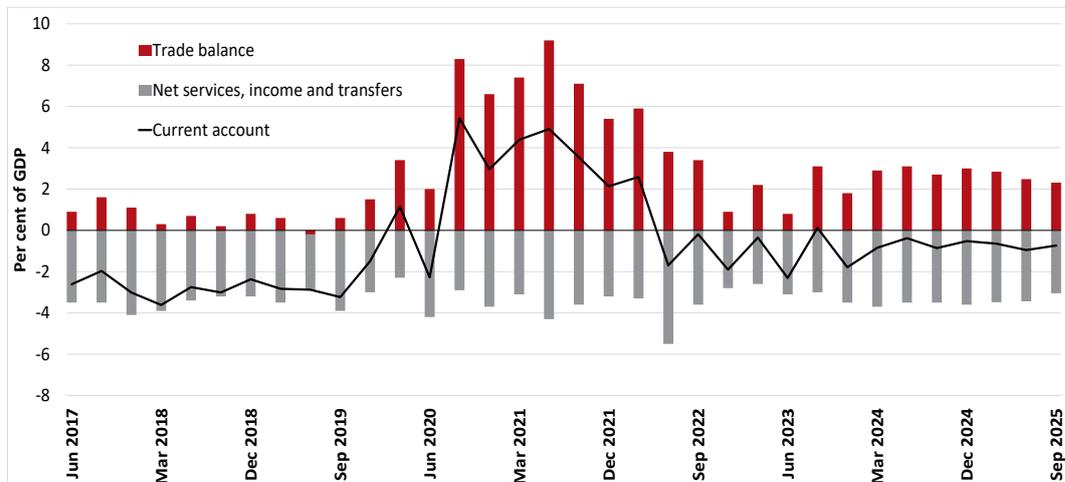
Resilient global demand, the rally in export commodity prices, easing borrowing costs, strengthening housing demand and improved business confidence will support expected real growth in fixed investment of 2.4 per cent in 2026. This follows contractions of 3.9 per cent in 2024 and 2 per cent in 2025. Over the medium term, growth in fixed investment is expected to average 3.2 per cent, as lower interest rates improve financing conditions and public-sector projects in energy, water and transport move into construction. Private investment is expected to regain momentum from 2027 but is anticipated to remain concentrated in renewable energy, embedded generation and digital infrastructure. A broader recovery will depend on firmer demand, improved confidence and continued progress in addressing electricity and logistics constraints.

## Balance of payments

The current account deficit is projected to widen moderately from an estimated 0.9 per cent of GDP in 2025 to 1 per cent in 2026, reaching 1.3 per cent by 2028, mainly reflecting stronger import demand as domestic economic activity and fixed investment recover.



Figure 2.8 Current account balance



Source: South African Reserve Bank

Over the medium term, improved electricity availability and gradual easing of logistics constraints are expected to support export volumes, while the outlook for import growth is underpinned by firmer household demand and energy- and infrastructure-related capital formation.

### Macroeconomic assumptions

Demand from South Africa’s major trading partners is expected to tick up from an estimated 3.1 per cent in 2025 to 3.3 per cent in 2026, settling at 3.4 per cent in the outer years. This trend is supported by strong investments in technology and accommodative fiscal and monetary policies, despite ongoing trade policy uncertainty. Global demand growth is projected to reach 3.4 per cent in 2028. The export commodity price index has been revised upward over the medium term, driven by gold and platinum group metals.



Table 2.3 Assumptions informing the macroeconomic forecast

Percentage change	2023	2024	2025	2026	2027	2028
	Actual	Actual	Estimate	Forecast		
Global demand <sup>1</sup>	3.7	2.6	3.1	3.3	3.4	3.4
International commodity prices <sup>2</sup>						
Brent crude oil	82.3	79.9	68.3	61.6	61.6	63.0
Gold	1 943.1	2 387.2	3 437.9	4 529.3	4 703.6	4 877.1
Platinum	966.6	955.0	1 277.7	2 192.2	2 234.9	2 277.7
Coal	120.6	105.4	88.7	87.1	90.1	94.4
Iron ore	120.3	111.1	103.9	111.1	105.9	101.9
Palladium	1 339.5	982.9	1 152.4	1 787.6	1 840.3	1 880.0
Domestic assumptions <sup>3</sup>						
Food inflation	10.8	4.5	4.1	4.1	3.6	3.5
Electricity inflation	11.8	13.3	9.9	8.3	8.8	8.7
Sovereign risk premium	3.9	3.2	2.9	2.5	2.4	2.3

1. Combined growth index of South Africa’s top 15 trading partners (IMF World Economic Outlook, January 2026)

2. Bloomberg futures prices as at 15 January 2026

3. Assumptions presented above are as of 12 December 2025 and 17 December 2025

Source: National Treasury

The sovereign risk premium is expected to ease further, supported by government’s sustained commitment to a credible macroeconomic framework, South Africa’s removal from the Financial Action Task Force grey list and the European Union list of high-risk jurisdictions, and the recent upgrade of the country’s foreign currency sovereign credit rating by S&P Global Ratings.

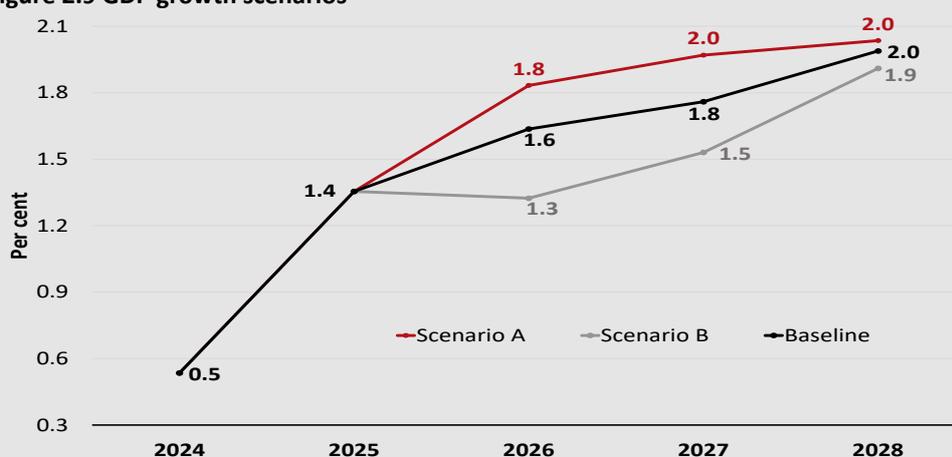
### Alternative scenario analysis

The National Treasury has devised two alternative scenarios to the baseline forecast.

The **global upside scenario A** models an improved global environment driven by easing geopolitical tensions and more stable trade policies that reduce uncertainty, improve supply chains and boost productivity. With supply conditions improving, commodity markets stabilise and oil prices remain slightly below baseline in the medium term. Earlier and more decisive monetary easing by major central banks, combined with lower global financial market volatility, strengthens investor appetite for emerging market assets, bolstering emerging market currencies. Stronger global demand and reduced borrowing costs support exports and enhance financing conditions, raising domestic economic growth above the baseline. In this scenario, growth is projected to average 1.9 per cent from 2026 to 2028.

The **global downside scenario B** models an escalation in geopolitical tensions, leading to further supply chain and critical infrastructure disruptions that generate negative supply shocks and heighten uncertainty. These constraints raise prices for key commodities, especially crude oil and gas, while increasing demand for safe-haven assets. This in turn lifts global inflation, delaying monetary policy easing and weakening global growth. Simultaneously, financial market volatility increases, tightening financial conditions and reducing investors’ appetite for risk. For South Africa, higher oil prices and a weaker exchange rate raise imported inflation, while elevated risk premiums lead to higher borrowing costs, delaying the domestic easing cycle and slowing consumption and investment. As a result, growth in this scenario averages 1.6 per cent from 2026 to 2028.

Figure 2.9 GDP growth scenarios



Source: National Treasury

## Risks to the outlook

Risks to global growth remain tilted to the downside, largely as a result of geopolitical tensions. A disruption of key shipping routes, for example, could raise transport costs, triggering a broad-based increase in energy prices, raising global inflation and weakening growth. Upside risks include faster adoption of artificial intelligence that boosts productivity, and progress in trade negotiations to reduce tariffs and enhance policy predictability.

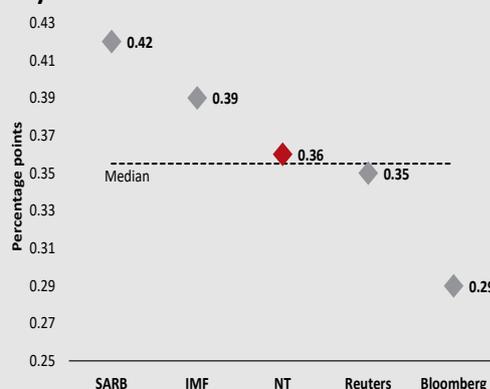
Domestic risks to the outlook are also tilted to the downside. Persistent logistics bottlenecks, weak public infrastructure and exposure to climate and weather-related shocks continue to raise the cost of doing business and threaten production and investment prospects. In contrast, faster structural reforms implementation – particularly in energy and logistics – would boost potential growth.



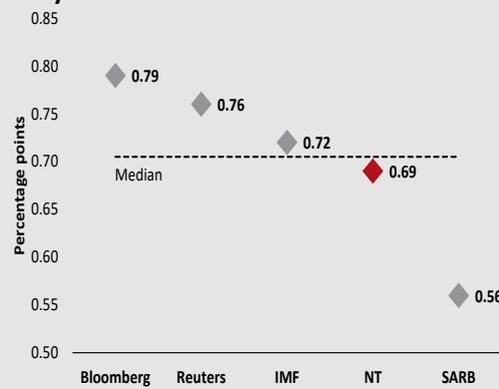
### Assessing the National Treasury’s GDP forecast errors

Macroeconomic forecasting is central to fiscal planning, and reducing forecast errors is a priority for the National Treasury. Analysis shows that Treasury projections for GDP growth have been broadly aligned with the median and show no systematic bias, with a declining rate of errors over time, even in an environment of high economic volatility.

**Figure 2.10 Forecast error comparison in-year\***



**Figure 2.11 Forecast error comparison one year ahead\***



\*Note: Forecast errors are measured using mean absolute errors. Other forecast error measures yield similar conclusions.

Source: National Treasury calculations

## SECTOR PERFORMANCE AND OUTLOOK

Primary sector performance is led by a strong performance in agricultural production, where lower livestock output due to animal disease has been offset by strong horticultural and seed output, which have benefited from favourable weather conditions. Although mining has benefited from higher prices for gold and platinum group metals, these are unlikely to lead to a reversal of the long-term contraction of South African mining output. The primary sector outlook is supported by stable energy supply, reduced logistics constraints, digitalisation of the mining cadastre and expectations of La Niña rains benefiting the 2026 agricultural season, while biosecurity risks, particularly that of foot-



and-mouth disease, remain. The 2026 State of the Nation Address declared a state of emergency and steps will be taken to address the uncontrolled spread of the disease.

In the secondary sector, activity has been weak in electricity, manufacturing and construction. While the sector outlook remains largely anaemic, lower interest rates and alleviation of subsector constraints provide some optimism.

The tertiary sector saw broad-based gains in the first three quarters of 2025. Improving demand, easing inflation and more favourable financial conditions boosted wholesale and retail trade as well as finance and real estate. Favourable demand conditions will continue to support the sector, and progress on Transnet’s recovery plan is expected to improve performance in transport.

## **CONCLUSION**

The economic outlook is gaining momentum, supported by greater macroeconomic stability, easing inflation and steady reform progress. Accelerating reforms in energy, logistics and water – together with stronger state capability and more efficient infrastructure delivery – is essential to unlock higher potential growth.



# 3

## 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**

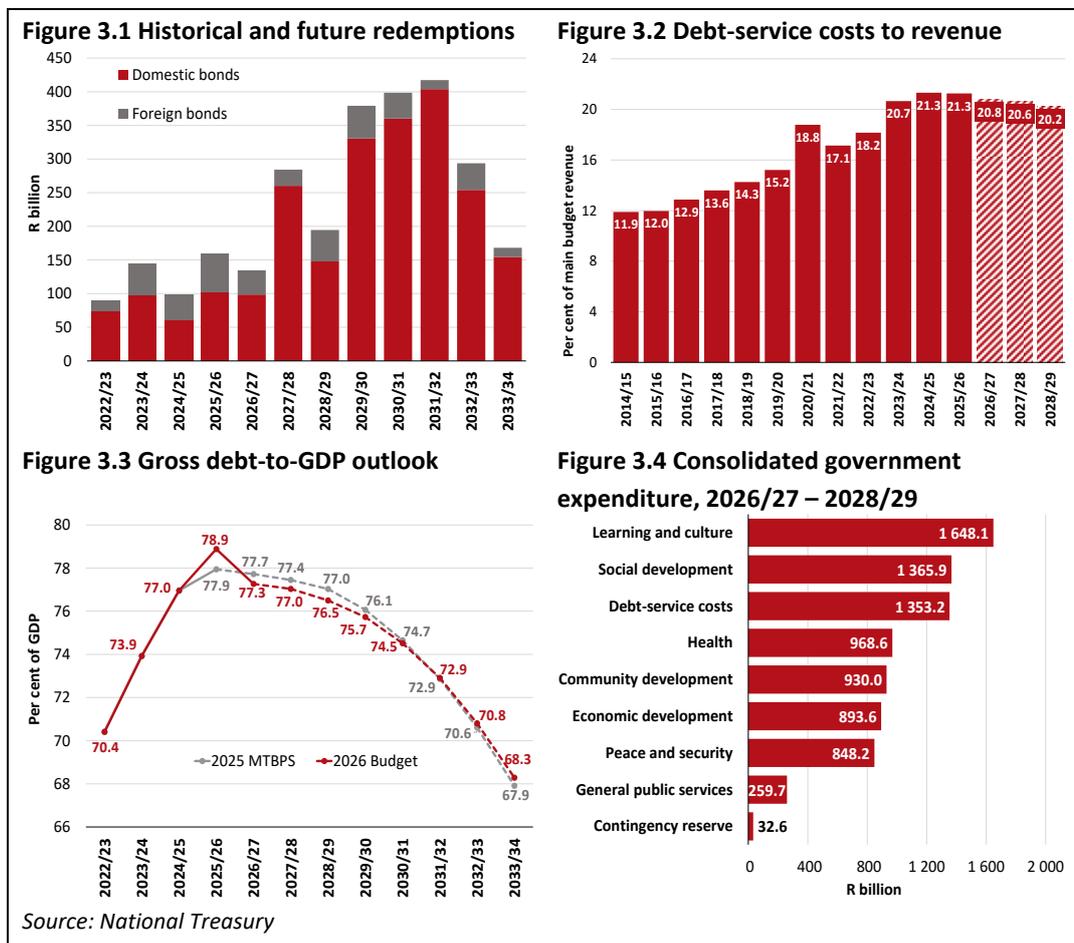
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Percentage change	Actual			Estimate	Forecast		
Real GDP growth	1.5	0.8	0.6	1.8	1.5	1.8	2.0
Nominal GDP growth	7.1	5.1	4.0	4.8	5.6	5.2	5.4
CPI inflation	7.2	5.5	3.8	3.3	3.4	3.2	3.1
<b>GDP at current prices (R billion)</b>	<b>6 768.2</b>	<b>7 114.4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

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

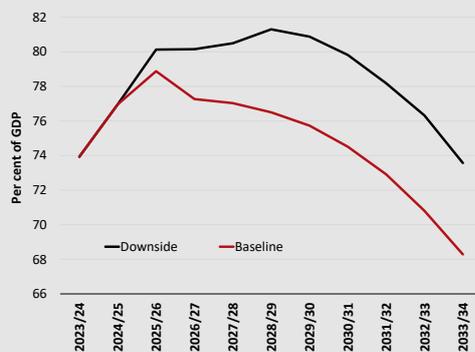
The National Treasury has developed a debt sustainability model to assess risks to the baseline fiscal framework. While it is not possible to provide precise assessments of future outcomes, a sustainability tool that provides risk-adjusted projections under different scenarios can inform good fiscal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

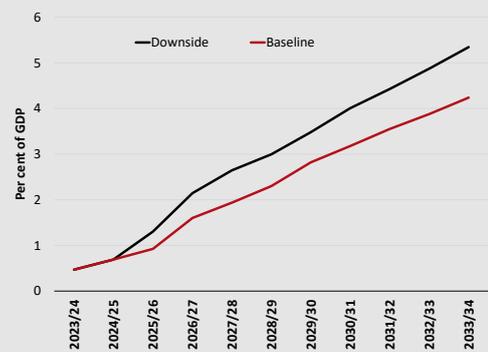
In contrast, the downside growth scenario, consistent with scenario B in Chapter 2, requires an average long-term primary surplus of 3.7 per cent of GDP just to stabilise debt – a relatively more painful level of fiscal effort, as Figure 3.5 shows. Without such effort, debt would take longer to stabilise 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 <sup>1</sup>	2025/26	2026/27	2027/28	2028/29
<b>Revised estimate</b>	<b>1 855.3</b>	<b>2 006.9</b>	<b>2 127.0</b>	<b>2 248.6</b>	<b>2 376.2</b>
<i>Buoyancy</i>	<i>1.64</i>	<i>1.69</i>	<i>1.08</i>	<i>1.10</i>	<i>1.06</i>
<b>2025 MTBPS</b>	<b>1 855.3</b>	<b>2 005.3</b>	<b>2 143.1</b>	<b>2 269.4</b>	<b>2 396.3</b>
<i>Buoyancy</i>	<i>1.64</i>	<i>1.54</i>	<i>1.40</i>	<i>1.06</i>	<i>1.06</i>
<b>2025 Budget</b>	<b>1 855.3</b>	<b>1 985.6</b>	<b>2 141.8</b>	<b>2 286.5</b>	
<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 <sup>2</sup>
<b>Revenue</b>							
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 <sup>1</sup>	-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							
<b>Main budget revenue</b>	<b>2 082.0</b>	<b>-9.0</b>	<b>-13.4</b>	<b>2 190.8</b>	<b>-17.0</b>	<b>-38.4</b>	<b>2 320.6</b>
	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
<b>Non-interest expenditure (2025 Budget)</b>	<b>1 884 384</b>
<b>Upward expenditure adjustments</b>	<b>66 671</b>
Allocations in the 2025 AENE <sup>1</sup>	19 961
Increase in the contingency reserve announced in 2025 MTBPS	8 519
Additions to the provincial equitable share <sup>2</sup>	16 173
Allocations for additional pressures (Special Appropriation (2025/26 financial year) Bill) <sup>3</sup>	8 498
Allocations of expenditure announced in the 2025 MTBPS (Special Appropriation (2025/26 financial year) Bill) <sup>4</sup>	13 519
<b>Downward expenditure adjustments</b>	<b>-50 747</b>
Provisional allocations not appropriated	-18 712
National government projected underspending	-9 802
Drawdown of contingency reserve	-13 519
Declared unspent funds	-8 714
<b>Technical adjustments<sup>5</sup></b>	<b>6 224</b>
<b>Revised non-interest expenditure (2026 Budget)</b>	<b>1 906 532</b>
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
<b>Non-interest expenditure (2025 Budget)</b>	<b>1 956 019</b>	<b>2 038 112</b>	<b>3 994 131</b>
<b>Revisions to baselines and provisional allocations</b>	<b>54</b>	<b>-773</b>	<b>-718</b>
Spending additions	67 291	27 253	94 545
<i>Baseline additions from provisional allocations<sup>1</sup></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 accommodated<sup>2</sup></i>	<i>5 165</i>	<i>3 788</i>	<i>8 953</i>
Provisional allocations moved to baselines <sup>1</sup>	-58 738	-23 240	-81 978
Targeted and Responsible Savings (TARS) <sup>2</sup>	-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
<b>Adjustments to baselines and provisional allocations due to low inflation projections</b>	<b>-6 108</b>	<b>-12 535</b>	<b>-18 642</b>
<b>Technical adjustments<sup>3</sup></b>	<b>839</b>	<b>-891</b>	<b>-52</b>
<b>Revised non-interest expenditure (2026 Budget)</b>	<b>1 950 804</b>	<b>2 023 915</b>	<b>3 974 719</b>
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		
<b>Revenue</b>	<b>1 902.4</b>	<b>1 950.2</b>	<b>2 053.8</b>	<b>2 231.7</b>	<b>2 345.4</b>	<b>2 467.3</b>	<b>2 612.7</b>
	28.1%	27.4%	27.8%	28.8%	28.6%	28.6%	28.8%
<b>Expenditure</b>	<b>2 146.6</b>	<b>2 256.7</b>	<b>2 389.8</b>	<b>2 578.9</b>	<b>2 669.7</b>	<b>2 768.1</b>	<b>2 893.4</b>
	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%
<b>Budget balance</b>	<b>-244.2</b>	<b>-306.5</b>	<b>-336.0</b>	<b>-347.2</b>	<b>-324.3</b>	<b>-300.8</b>	<b>-280.7</b>
	-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		
<b>OPERATING ACCOUNT</b>							
<b>Current revenue</b>	1 881.2	1 915.3	2 023.1	2 198.8	2 322.4	2 448.2	2 591.9
<b>Current payments</b>	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
<b>Current balance</b>	<b>-50.5</b>	<b>-158.6</b>	<b>-166.3</b>	<b>-137.7</b>	<b>-115.4</b>	<b>-71.6</b>	<b>-16.2</b>
	-0.7%	-2.2%	-2.2%	-1.8%	-1.4%	-0.8%	-0.2%
<b>CAPITAL ACCOUNT</b>							
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
<b>Capital financing requirement</b>	<b>-167.3</b>	<b>-176.0</b>	<b>-187.5</b>	<b>-220.4</b>	<b>-215.7</b>	<b>-228.2</b>	<b>-256.5</b>
	-2.5%	-2.5%	-2.5%	-2.8%	-2.6%	-2.6%	-2.8%
Financial transactions <sup>1</sup>	-26.4	28.2	17.7	11.0	11.9	9.6	9.0
Contingency reserve	–	–	–	–	5.0	10.6	17.0
<b>Budget balance</b>	<b>-244.2</b>	<b>-306.5</b>	<b>-336.0</b>	<b>-347.2</b>	<b>-324.3</b>	<b>-300.8</b>	<b>-280.7</b>
	-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		
<b>Revenue</b>							
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 <sup>1</sup>	-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
<b>Main budget revenue</b>	<b>1 699.2</b>	<b>1 724.0</b>	<b>1 809.8</b>	<b>1 978.2</b>	<b>2 082.0</b>	<b>2 190.8</b>	<b>2 320.6</b>
	25.1%	24.2%	24.5%	25.5%	25.4%	25.4%	25.6%
<b>Expenditure</b>							
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
<b>Non-interest expenditure</b>	<b>1 700.7</b>	<b>1 690.8</b>	<b>1 758.8</b>	<b>1 906.5</b>	<b>1 950.8</b>	<b>2 023.9</b>	<b>2 111.7</b>
Debt-service costs	308.5	356.1	385.8	420.6	432.4	451.4	469.3
<b>Main budget expenditure</b>	<b>2 009.2</b>	<b>2 046.9</b>	<b>2 144.6</b>	<b>2 327.1</b>	<b>2 383.3</b>	<b>2 475.4</b>	<b>2 581.1</b>
	29.7%	28.8%	29.0%	30.0%	29.1%	28.7%	28.4%
<b>Main budget balance</b>	<b>-309.9</b>	<b>-322.9</b>	<b>-334.9</b>	<b>-348.9</b>	<b>-301.2</b>	<b>-284.5</b>	<b>-260.5</b>
	-4.6%	-4.5%	-4.5%	-4.5%	-3.7%	-3.3%	-2.9%
<b>Primary balance</b>	<b>-1.5</b>	<b>33.2</b>	<b>51.0</b>	<b>71.7</b>	<b>131.2</b>	<b>166.9</b>	<b>208.9</b>
	-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 <sup>1</sup>	0.2	0.0	0.7	1.4	1.4	1.4	1.7
<b>Consolidated budget balance</b>	<b>-244.2</b>	<b>-306.5</b>	<b>-336.0</b>	<b>-347.2</b>	<b>-324.3</b>	<b>-300.8</b>	<b>-280.7</b>

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 requirement<sup>1</sup>**

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
<b>Consolidated government</b>	<b>244.2</b>	<b>306.5</b>	<b>336.0</b>	<b>377.9</b>	<b>347.2</b>	<b>-30.7</b>	<b>324.3</b>	<b>300.8</b>	<b>280.7</b>
National borrowing for Eskom debt-relief arrangement	–	76.0	64.0	80.2	80.0	-0.2	–	–	10.0
GFCRA settlement (net) <sup>2</sup>	–	–	-100.0	-25.0	-25.0	–	-56.0	–	–
<b>Consolidated borrowing requirement<sup>3</sup></b>	<b>244.2</b>	<b>382.5</b>	<b>300.0</b>	<b>433.1</b>	<b>402.2</b>	<b>-30.9</b>	<b>268.3</b>	<b>300.8</b>	<b>290.7</b>
	3.6%	5.4%	4.1%	5.5%	5.2%		3.3%	3.5%	3.2%
<b>Local authorities<sup>4</sup></b>	<b>6.6</b>	<b>13.5</b>	<b>18.1</b>	<b>12.9</b>	<b>12.8</b>	<b>-0.1</b>	<b>11.7</b>	<b>10.6</b>	<b>11.2</b>
	0.1%	0.2%	0.2%	0.2%	0.2%		0.1%	0.1%	0.1%
<b>State-owned companies<sup>5</sup></b>	<b>53.1</b>	<b>–</b>	<b>–</b>	<b>29.4</b>	<b>34.3</b>	<b>4.8</b>	<b>16.6</b>	<b>51.7</b>	<b>31.0</b>
	0.8%	0.0%	0.0%	0.4%	0.4%		0.2%	0.6%	0.3%
<b>Borrowing requirement<sup>3</sup></b>	<b>303.9</b>	<b>396.0</b>	<b>318.1</b>	<b>475.4</b>	<b>449.3</b>	<b>-26.2</b>	<b>296.6</b>	<b>363.2</b>	<b>332.8</b>
	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.

# 4

## 2026 BUDGET REVIEW REVENUE TRENDS AND TAX PROPOSALS



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



**In brief**

- 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.
- 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.

**OVERVIEW**

Over the past three years the tax system has remained resilient despite weak economic conditions. Tax buoyancies continue to be high, notwithstanding lower levels of nominal GDP. The stronger fiscal outlook presented in the 2025 *Medium Term Budget Policy Statement* (MTBPS) means that key metrics remain in line with the fiscal strategy. For these reasons, government has decided to withdraw previously announced tax increases for the 2026 Budget and to provide inflationary relief to taxpayers.

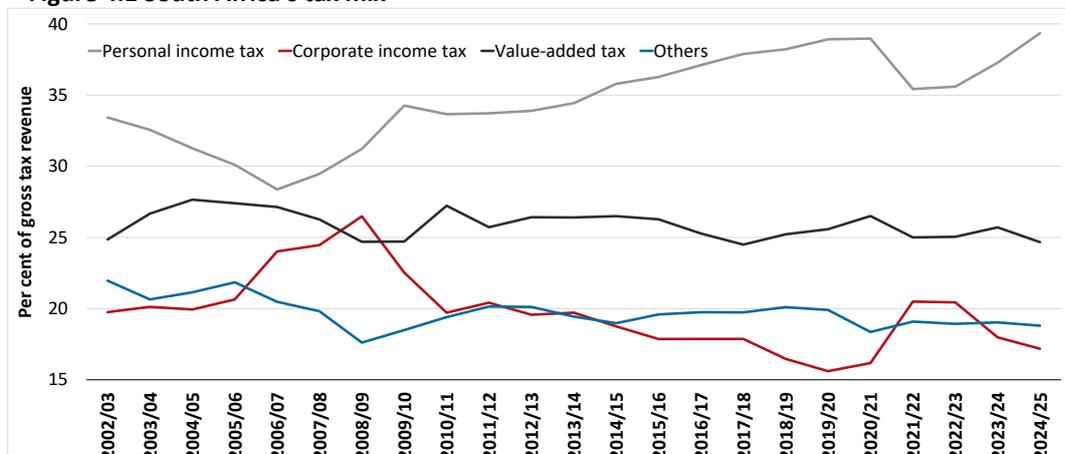
**TAX POLICY**

Government aims to maintain a tax system that is efficient, fair and simple. Tax policy amendments strive to generate sufficient revenue to meet government’s expenditure requirements without unduly burdening taxpayers. Despite challenging economic conditions, South Africa’s tax system has performed well, with the tax-to-GDP ratio increasing from 25.1 per cent in 2024/25 to 25.9 per cent in 2025/26.



Taxpayers have not been granted full relief from the effects of inflation in the last two budgets due to fiscal constraints. As a result, personal income tax revenue increased as a percentage of total tax revenue, continuing a trend that began in 2007 (Figure 4.1).

**Figure 4.1 South Africa’s tax mix**



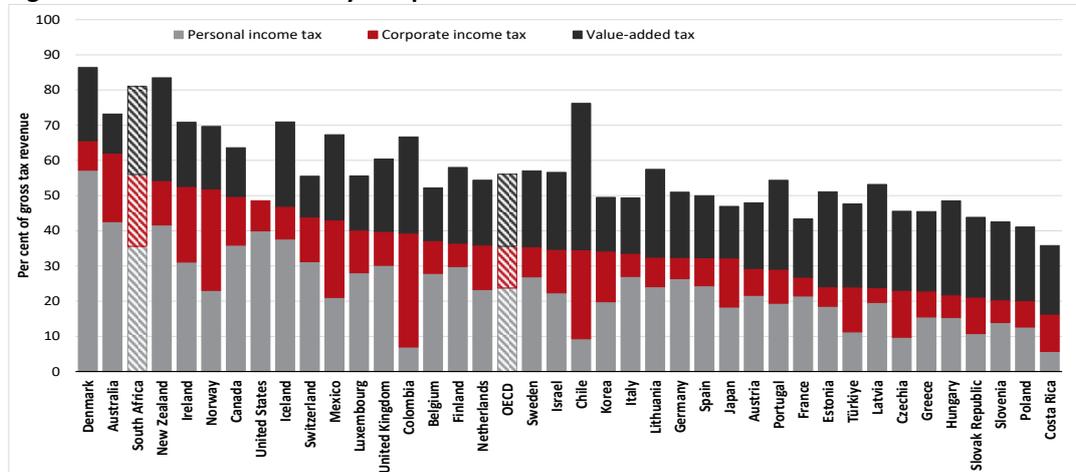
Source: National Treasury



The personal income tax system is highly progressive, yet relies heavily on a narrow tax base. As shown in Table 4.5, the top 13 per cent of individual taxpayers pay over 60 per cent of personal income tax, and nearly half of personal income tax is paid by the 7.7 per cent of taxpayers with taxable income above R1 million per year.

Both personal and corporate income tax contributions to total tax revenue are higher in South Africa than the average across Organisation for Economic Co-operation and Development (OECD) countries (Figure 4.2). South Africa has become heavily reliant on these two direct taxes, which accounted for approximately 55 per cent of total tax revenue in 2023. The 2018 VAT Panel Report also estimated that individuals in the top four income deciles account for over 75 per cent of value-added tax (VAT) revenue, even though this is a broad-based tax.

**Figure 4.2 Gross tax revenue by component across OECD countries\***



\*Ranked by sum of personal and corporate income tax contributions in the 2023 calendar year. South Africa is an OECD partner. Source: OECD, National Treasury

These factors illustrate the importance of managing the tax burden to ensure it remains sustainable and efficient. High direct taxes erode disposable income and consumption expenditure and may incentivise stronger avoidance measures. Beyond a certain point, increases in tax rates may not generate additional revenue and are detrimental to economic growth. Ultimately, the best option to increase revenue is by broadening the tax base and growing the economy.

## REVENUE COLLECTION AND OUTLOOK



The gross tax revenue estimate for 2025/26 is revised up by R21.3 billion from the 2025 Budget estimate, despite lower-than-expected nominal GDP. The tax-to-GDP ratio is expected to increase from 25.1 per cent in 2024/25 to 25.9 per cent in 2025/26.

Higher-than-expected net VAT, corporate income tax and dividends tax collections improved the in-year outlook, although personal income tax and specific excise duty collections are expected to fall short of 2025 Budget projections.

**Table 4.1 Budget estimates and revenue outcomes<sup>1</sup>**

R million	2024/25			2025/26			Percentage change <sup>3</sup>
	Budget <sup>2</sup>	Outcome	Deviation	Budget <sup>2</sup>	Revised	Deviation	
<b>Taxes on income and profits</b>	<b>1 100 530</b>	<b>1 100 530</b>	–	<b>1 182 794</b>	<b>1 188 334</b>	<b>5 540</b>	<b>8.0%</b>
Personal income tax	729 911	729 911	–	792 452	786 214	-6 238	7.7%
Corporate income tax	318 739	318 739	–	338 824	346 576	7 753	8.7%
Dividends tax	42 988	42 988	–	42 111	46 313	4 202	7.7%
Other taxes on income and profits <sup>4</sup>	8 892	8 892	–	9 407	9 231	-176	3.8%
<b>Skills development levy</b>	<b>24 448</b>	<b>24 448</b>	–	<b>26 006</b>	<b>25 979</b>	<b>-27</b>	<b>6.3%</b>
<b>Taxes on property</b>	<b>22 505</b>	<b>22 505</b>	–	<b>23 919</b>	<b>25 952</b>	<b>2 034</b>	<b>15.3%</b>
<b>Domestic taxes on goods and services</b>	<b>627 973</b>	<b>627 973</b>	–	<b>668 706</b>	<b>683 033</b>	<b>14 327</b>	<b>8.8%</b>
Value-added tax	457 789	457 789	–	482 246	497 594	15 347	8.7%
Specific excise duties	59 680	59 680	–	64 134	62 358	-1 776	4.5%
Health promotion levy	2 282	2 282	–	2 403	2 356	-47	3.2%
Ad valorem excise duties	6 970	6 970	–	7 408	7 671	263	10.1%
Fuel levy	85 883	85 883	–	96 592	97 295	704	13.3%
Other domestic taxes on goods and services <sup>5</sup>	15 370	15 370	–	15 924	15 759	-165	2.5%
<b>Taxes on international trade and transactions</b>	<b>79 826</b>	<b>79 826</b>	–	<b>84 177</b>	<b>83 649</b>	<b>-528</b>	<b>4.8%</b>
Customs duties	76 698	76 698	–	80 977	80 520	-457	5.0%
Health promotion levy on imports	140	140	–	148	153	5	9.2%
Diamond export levy	65	65	–	69	65	-3	0.2%
Export tax	467	467	–	493	373	-119	-20.1%
Miscellaneous customs and excise receipts	2 455	2 455	–	2 491	2 538	47	3.4%
<b>Gross tax revenue</b>	<b>1 855 270</b>	<b>1 855 270</b>	–	<b>1 985 603</b>	<b>2 006 947</b>	<b>21 345</b>	<b>8.2%</b>
Non-tax revenue <sup>6</sup>	43 089	44 394	1 305	37 358	44 836	7 478	1.0%
of which:							
Mineral and petroleum royalties	10 636	10 636	–	11 201	11 805	605	11.0%
Less: SACU <sup>7</sup> payments	-89 874	-89 874	–	-73 552	-73 552	–	-18.2%
<b>Main budget revenue</b>	<b>1 808 485</b>	<b>1 809 790</b>	<b>1 305</b>	<b>1 949 409</b>	<b>1 978 232</b>	<b>28 823</b>	<b>9.3%</b>
Provinces, social security funds and selected public entities	231 671	243 991	12 320	251 420	253 443	2 024	3.9%
<b>Consolidated budget</b>	<b>2 040 156</b>	<b>2 053 781</b>	<b>13 625</b>	<b>2 200 828</b>	<b>2 231 675</b>	<b>30 847</b>	<b>8.7%</b>

1. A more disaggregated view is presented in Tables 2 and 3 of the statistical annexure

2. 2025 Budget Review estimates

3. Percentage change between outcome in 2024/25 and revised estimates in 2025/26

4. Includes interest on overdue income tax and interest withholding tax

5. Includes turnover tax for micro businesses, air departure tax, plastic bag levy, electricity levy, CO<sub>2</sub> tax on motor vehicle emissions, incandescent light bulb levy, Universal Service Fund levies, tyre levy, carbon tax and International Oil Pollution Compensation Fund levies

6. Includes mineral and petroleum royalties, mining leases, departmental revenue and sales of capital assets

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

Source: National Treasury

## CHAPTER 4

### REVENUE TRENDS AND TAX PROPOSALS

Net VAT collections are revised up from the 2025 Budget thanks to resilient household consumption expenditure, which benefited domestic VAT collections, and lower VAT refunds. This is offset by a weaker outlook for import VAT due to lower-than-expected nominal import growth.

**Table 4.2 Budget revenue outcomes and outlook<sup>1</sup>**

R million	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Outcome			Revised	Medium-term estimates		
Taxes on income and profits <sup>2</sup>	988 505	1 008 556	1 100 530	1 188 334	1 264 313	1 336 569	1 414 788
of which:							
Personal income tax	600 367	648 911	729 911	786 214	844 820	895 667	947 472
Corporate income tax	344 660	313 097	318 739	346 576	364 262	382 846	405 806
Skills development levy	20 892	22 604	24 448	25 979	27 657	29 406	31 183
Taxes on property	21 238	19 400	22 505	25 952	27 396	28 824	30 370
Domestic taxes on goods and services	579 990	616 459	627 973	683 033	718 633	759 053	798 718
of which:							
VAT	422 416	447 557	457 789	497 594	521 363	551 610	580 520
Taxes on international trade and transactions	76 068	73 849	79 826	83 649	88 963	94 777	101 093
<b>Gross tax revenue</b>	<b>1 686 697</b>	<b>1 740 870</b>	<b>1 855 270</b>	<b>2 006 947</b>	<b>2 126 962</b>	<b>2 248 628</b>	<b>2 376 153</b>
Non-tax revenue <sup>3</sup>	56 201	62 948	44 394	44 836	33 449	29 872	30 682
of which:							
Mineral and petroleum royalties	25 338	15 979	10 636	11 805	12 145	12 762	13 527
Less: SACU <sup>4</sup> payments	-43 683	-79 811	-89 874	-73 552	-78 408	-87 665	-86 234
<b>Main budget revenue</b>	<b>1 699 215</b>	<b>1 724 007</b>	<b>1 809 790</b>	<b>1 978 232</b>	<b>2 082 003</b>	<b>2 190 835</b>	<b>2 320 601</b>
Provinces, social security funds and selected public entities	203 149	226 197	243 991	253 443	263 424	276 466	292 137
<b>Consolidated budget</b>	<b>1 902 364</b>	<b>1 950 204</b>	<b>2 053 781</b>	<b>2 231 675</b>	<b>2 345 427</b>	<b>2 467 301</b>	<b>2 612 738</b>
<b>As percentage of GDP</b>							
Tax revenue	24.9%	24.5%	25.1%	25.9%	26.0%	26.1%	26.2%
Main budget revenue	25.1%	24.2%	24.5%	25.5%	25.4%	25.4%	25.6%
GDP (R billion)	6 768.2	7 114.4	7 398.9	7 756.7	8 188.1	8 615.1	9 077.3
Tax buoyancy	1.11	0.63	1.64	1.69	1.08	1.10	1.06

1. A more disaggregated view is presented in Tables 2 and 3 of the statistical annexure

2. Includes dividends tax, interest withholding tax and interest on overdue income tax

3. Includes mineral and petroleum royalties, mining leases, departmental revenue and sales of capital assets

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

Source: National Treasury and SARS



Provisional corporate tax collections have shown broad-based growth, other than in the manufacturing sector where revenue declined. Corporate profitability increased steadily during 2025, with December 2025 mining tax collections up 29 per cent on December 2024 owing to high platinum group metals and gold prices. Although the near-term benefit of the precious metals upswing is positive for the revenue outlook, the gains are expected to be lower than in the previous period of high commodity prices (2020/21 to 2022/23) as the current highs are occurring for a narrower set of commodities. Coal and iron ore prices, for example, saw large increases in the previous commodity boom and contributed to higher revenue, but have remained relatively flat this time around. Dividends tax

collections are boosted by large once-off collections from the mining and retail sectors and a recovery in corporate profits.

Strong growth in collections from fuel importers drove overall fuel levy collections. Collections recovered in 2025/26 following a sharp drop in demand in the previous year, reflecting reduced diesel usage as a result of improved electricity supply.

Personal income tax collections are projected to fall short of 2025 Budget estimates, reflecting subdued private-sector wage growth. Specific excise duties are also expected to underperform because cigarette and petroleum products receipts contracted over the first 10 months of 2025/26 relative to the same period in the previous year.



### MEDIUM-TERM OUTLOOK

The 2025 Budget and 2025 MTBPS provisionally included R20 billion in tax increases for the 2026 Budget, which was to be reconsidered if the South African Revenue Service (SARS) could collect an additional R20 billion in tax debt. SARS is unlikely to meet its target, as discussed later in this chapter. However, given improving fiscal metrics and the potential negative impact on the economy from additional tax increases, government has decided to withdraw this proposal.

The medium-term tax revenue outlook is revised down by R57.2 billion relative to the 2025 MTBPS, primarily due to the withdrawal of the proposed tax increases. Improvements in several tax bases partly offset the withdrawn R20 billion in tax increases. VAT refund projections are revised down, but lower import VAT weakens the medium-term outlook for net VAT collections. In combination, the improved outlook for corporate income tax, personal income tax and fuel levies will outweigh the weaker net VAT and customs duties collections relative to the 2025 MTBPS.



The tax-to-GDP ratio is expected to reach 26.2 per cent by 2028/29 as economic growth improves. Gross tax revenue collections are expected to increase by 6 per cent in 2026/27, 5.7 per cent in 2027/28 and 5.7 per cent in 2028/29, growing from R2.01 trillion in 2025/26 to R2.38 trillion in 2028/29. Sustained investment and economic growth, and further improvements in tax administration, would support higher revenue collection.

### TAX ADMINISTRATION

In the first three quarters of 2025/26, SARS has significantly reduced overdue scheduled payments, which declined from R14.6 billion to R6.8 billion.

Targeted efforts to improve detection of illicit cigarette manufacturing activity helped to address excise non-compliance.

Supported by new technology, SARS registered 1.3 million new taxpayers across various tax categories, contributing net revenue of R4.9 billion, up slightly from the same period in the prior year. The tax authority also engaged with digital economy participants, particularly social influencers, to facilitate tax compliance in this emerging segment.



#### Update on tax debt collection

The 2025 Budget and 2025 MTBPS estimated that SARS would collect between R20 billion and R50 billion in additional tax revenue by increasing the collection of tax debt from R95 billion to at least R120 billion in 2025/26. To support this effort, government allocated an additional R7 billion to SARS over the medium-term expenditure framework period, part of which was used to recruit 1 500 additional debt collectors. SARS and the National Treasury also implemented monthly reporting on debt collections to enhance transparency and track progress.

Total outstanding tax debt stood at R646 billion on 31 January 2026, of which R518.2 billion is undisputed. By that date, SARS had collected R79.4 billion, falling R15 billion short of the target for the period, due in part to delayed onboarding of additional collection personnel, a rise in disputed debts and an increase in deferred payment arrangements.

Recent actions by SARS, including enhancing collaboration with banks and hiring additional legal professionals to pursue civil judgements, are expected to increase collections, but it is unlikely that the targets will be met. Consequently, the fiscal framework does not include additional revenue from debt collections.

## TAX PROPOSALS

The 2026 Budget tax proposals adjust thresholds, rebates and duties, providing taxpayers with relief from the impact of inflation on their tax payments for the first time since 2023/24.

**Table 4.3 Impact of tax proposals on medium-term revenue<sup>1</sup>**

R million	2026/27	2027/28	2028/29
	Effect of tax proposals		
<b>Gross tax revenue (before 2026 Budget tax proposals)</b>	<b>2 126 962</b>	<b>2 248 628</b>	<b>2 376 153</b>
<b>2026 Budget proposals<sup>2</sup></b>	–		
<b>Direct taxes<sup>3</sup></b>	–		
<b>Personal income tax</b>			
Inflationary adjustment to tax brackets and rebates	–		
Inflationary adjustment to medical tax credits	–		
<b>Indirect taxes<sup>3</sup></b>	–		
<b>Fuel levy</b>			
Below inflation adjustment to general fuel levy	-1 000	-1 052	-1 109
Above inflation adjustment to carbon fuel levy	1 000	1 052	1 109
<b>Specific excise duties</b>			
Inflationary increase in excise duties on alcohol and tobacco	–		
<b>Net impact of tax proposals</b>	–	–	–
<b>Gross tax revenue (after tax proposals)</b>	<b>2 126 962</b>	<b>2 248 628</b>	<b>2 376 153</b>

1. Revenue changes are in relation to thresholds that have been fully adjusted for inflation

2. In-year tax increase with no carry through

3. Includes carry-through effect of tax policy proposals

Source: National Treasury

## PERSONAL INCOME TAX

In 2026/27, personal income tax brackets and rebates will be adjusted in line with expected inflation (3.4 per cent). Table 4.4 shows the amended tax brackets and thresholds for individual taxpayers. Medical tax credits will increase from R364 to R376 for the first two members, and from R246 to R254 for additional members.



**Table 4.4 Personal income tax rates and bracket adjustments**

2025/26		2026/27	
Taxable income (R)	Rates of tax	Taxable income (R)	Rates of tax
R0 - R237 100	18% of each R1	R0 - R245 100	18% of each R1
R237 101 - R370 500	R42 678 + 26% of the amount above R237 100	R245 101 - R383 100	R44 118 + 26% of the amount above R245 100
R370 501 - R512 800	R77 362 + 31% of the amount above R370 500	R383 101 - R530 200	R79 998 + 31% of the amount above R383 100
R512 801 - R673 000	R121 475 + 36% of the amount above R512 800	R530 201 - R695 800	R125 599 + 36% of the amount above R530 200
R673 001 - R857 900	R179 147 + 39% of the amount above R673 000	R695 801 - R887 000	R185 215 + 39% of the amount above R695 800
R857 901 - R1 817 000	R251 258 + 41% of the amount above R857 900	R887 001 - R1 878 600	R259 783 + 41% of the amount above R887 000
R1 817 001 and above	R644 489 + 45% of the amount above R1 817 000	R1 878 601 and above	R666 339 + 45% of the amount above R1 878 600
<b>Rebates</b>		<b>Rebates</b>	
Primary	R17 235	Primary	R17 820
Secondary	R9 444	Secondary	R9 765
Tertiary	R3 145	Tertiary	R3 249
<b>Tax threshold</b>		<b>Tax threshold</b>	
Below age 65	R95 750	Below age 65	R99 000
Age 65 and over	R148 217	Age 65 and over	R153 250
Age 75 and over	R165 689	Age 75 and over	R171 300

Source: National Treasury

Table 4.5 shows the impact that the bracket adjustments will have on different income groupings, with lower- and middle-income taxpayers deriving the most relief.

**Table 4.5 Estimates of individuals and taxable income, 2026/27**

Taxable bracket	Registered individuals		Taxable income		Income tax before any relief		Tax relief from proposals		Final income tax payable		
	R thousand	Number	%	R billion	%	R billion	%	R billion	%	R billion	%
R0 - R99 <sup>1</sup>		5 911 034	–	255.4	–	–	–	–	–	–	–
R99 - R150		2 082 136	25.0	248.6	6.7	15.7	1.8	-1.1	8.1	14.5	1.7
R150 - R250		1 490 061	17.9	290.9	7.8	22.1	2.6	-0.9	6.9	21.2	2.5
R250 - R350		1 182 539	14.2	352.5	9.4	45.1	5.2	-1.5	10.9	43.6	5.2
R350 - R500		1 378 140	16.5	585.2	15.7	99.1	11.5	-2.4	17.7	96.6	11.4
R500 - R750		1 136 023	13.6	694.9	18.6	152.3	17.7	-3.2	23.2	149.1	17.7
R750 - R1 000		423 786	5.1	368.1	9.9	99.4	11.6	-1.6	11.4	97.9	11.6
R1 000 - R1 500		377 415	4.5	454.2	12.2	140.8	16.4	-1.5	11.0	139.3	16.5
R1 500 +		267 761	3.2	741.7	19.9	284.1	33.1	-1.5	10.8	282.6	33.4
<b>Total</b>		<b>8 337 861</b>	<b>100.0</b>	<b>3 736.1</b>	<b>100.0</b>	<b>858.6</b>	<b>100.0</b>	<b>-13.7</b>	<b>100.0</b>	<b>844.8</b>	<b>100.0</b>
<b>Grand total</b>		<b>14 248 895</b>		<b>3 991.5</b>		<b>858.6</b>		<b>-13.7</b>		<b>844.8</b>	

1. Registered individuals with taxable income below the income tax threshold

Source: National Treasury

## CORPORATE INCOME TAX

### Global minimum tax update



In 2026/27, government will implement the updated global minimum tax rules. The rules are expected to reduce profit shifting by multinational corporations by reducing opportunities to take advantage of negligible or zero tax rates in other countries. Using the most recent data on companies' operations, and taking into account the OECD's updated rules following negotiations between member states, tax revenues of R2 billion are estimated as a result of this reform in 2026/27. This compares to the previous estimate of R8 billion.

### Diamond export levy

The global diamond industry is in transition and domestic producers are feeling the effects. To encourage diamond producers to sell unpolished stones to local cutters and polishers, a 5 per cent levy is applied on the value of unpolished diamonds released for export. Producers are exempt from paying this levy if they meet local sales requirements. Different thresholds are applied to producers of different sizes. Large producers must sell 40 per cent locally, and medium producers 15 per cent. To continue support for the domestic industry, government proposes to lower the threshold separating large and medium producers from R3 billion to R2 billion, and allow large producers to choose between selling 15 per cent locally and offering the remaining output to the Diamond Exchange and Export Centre (DEEC) or selling 40 per cent locally and being exempt from offering the remaining production to the DEEC. Stakeholder consultation will continue after Budget Day.

### Special economic zones



Qualifying companies located in special economic zones approved by the Minister of Finance are taxed at a corporate tax rate of 15 per cent instead of 27 per cent. To prevent companies from shifting profits to connected firms in a special economic zone simply to take advantage of a lower tax rate, companies are disqualified if more than one-fifth of expenditure or gross income arises from transactions with connected firms outside the zone. These rigid rules work against businesses already operating in the zones, as well as against potential investors wanting to use the zones to strengthen their own supply chains. Government proposes a different approach. It will assess whether companies are buying or selling their products to connected parties outside the zone at market-related prices to ensure that profits are not shifted into the low-tax zone.

## THRESHOLD AND LIMIT ADJUSTMENTS

To promote entrepreneurship, savings and a fairer tax regime for those receiving employment benefits the thresholds in Table 4.6 and Table 4.7 will be adjusted for inflation.

Table 4.6 Tax thresholds and limits reviewed

Description (R)	Last amended	Current monetary amount	Proposed monetary amount
<b>Small businesses</b>			
Value-added tax (VAT) compulsory registration threshold	2009	1 000 000	2 300 000
Annual turnover limit for the turnover tax	2009	1 000 000	2 300 000
Voluntary VAT registration threshold	2009	50 000	120 000
<b>Capital gains tax (CGT)</b>			
CGT exclusion for small business asset disposal	2012	10 000 000	15 000 000
Exclusion amount on disposal of small business when person over 55 years	2012	1 800 000	2 700 000
Exclusion at death	2012	300 000	440 000
Exclusion in respect of disposal of primary residence	2012	2 000 000	3 000 000
Annual exclusion	2017	40 000	50 000
<b>Savings and retirement</b>			
Tax-free investments: annual limit	2021	36 000	46 000
Retirement fund contribution deduction limit	2016	350 000	430 000
Retirement interest de minimis threshold for annuitisation	2016	247 500	360 000
Living annuity commutation	2020	125 000	150 000
<b>Donations tax</b>			
Exemption for donations made by entities	2002	10 000	20 000
Exemption for donations made by individuals	2007	100 000	150 000
<b>Tax-exempt employment benefits</b>			
Bursaries / Scholarships: annual remuneration ceiling for all employees including persons with disabilities (PwD) <sup>1</sup>	2017	600 000	900 000
Bursaries / Scholarships: annual ceiling for employee relatives' primary / secondary education (PwD)	2017	20 000 (30 000)	30 000 (45 000)
Bursaries / Scholarships: annual ceiling for employee relatives' tertiary education (PwD)	2017	60 000 (90 000)	90 000 (130 000)
Remuneration proxy (cap): employee loans for immovable property	2018	250 000	360 000
Market value of property: employee loans for immovable property	2018	450 000	650 000
Maximum compensation exemption for employees dying in fulfilment of duties	2007	300 000	800 000
Awards for bravery and long service	2003	5 000	16 000

1. Thresholds in brackets are for persons with disabilities (PwD)

Source: National Treasury

The VAT registration thresholds will be effective from 1 April 2026 while the other thresholds will be effective from 1 March 2026. In addition the restriction on tax year end dates will be removed to make the turnover tax regime more attractive.

Table 4.7 Turnover tax regime for micro businesses

2025/26		2026/27	
Threshold (R)	Rates of tax	Threshold (R)	Rates of tax
R0 - R335 000	0%	R0 - R600 000	0%
R335 001 - R500 000	1% of the amount above R335 000	R600 001 - R950 000	1% of the amount above R600 000
R500 001 - R750 000	R1 650 + 2% of the amount above R500 000	R950 001 - R1 400 000	R3 500 + 2% of the amount above R950 000
R750 001 and above	R6 650 + 3% of the amount above R750 000	R1 400 001 and above	R12 500 + 3% of the amount above R1 400 000

Source: National Treasury

## Excise duties on alcoholic beverages and tobacco-related products



Government proposes to increase excise duties on alcoholic beverages in line with the inflation forecast of 3.4 per cent for 2026/27. Stakeholder consultations on the alcohol excise review will continue during 2026.

Government also proposes to increase excise duties on tobacco products in line with expected inflation. This includes excise duty on electronic nicotine and non-nicotine delivery systems (“vaping”). Beginning with the 2027 Budget, excise duty adjustments will take effect on 1 April. The required legislative amendments will form part of the taxation laws amendment bills this year.

**Table 4.8 Changes in specific excise duties, 2026/27**

Product	Current excise duty rate	Proposed excise duty rate	Percentage change	
			Nominal	Real
Malt beer	R145.07 / litre of absolute alcohol (246,61c / average 340ml can)	R149.98 / litre of absolute alcohol (254,97c / average 340ml can)	3.39	–
Traditional African beer	7,82c / litre	7,82c / litre	–	-3.39
Traditional African beer powder	34,70c / kg	34,70c / kg	–	-3.39
Unfortified wine	R5.95 / litre	R6.15 / litre	3.39	–
Fortified wine	R10.04 / litre	R10.38 / litre	3.39	–
Sparkling wine	R19.03 / litre	R19.68 / litre	3.39	–
Ciders and alcoholic fruit beverages	R145.07 / litre of absolute alcohol (246,61c / average 340ml can)	R149.98 / litre of absolute alcohol (254,97c / average 340ml can)	3.39	–
Spirits	R292.91 / litre of absolute alcohol (R94.46 / 750ml bottle)	R302.84 / litre of absolute alcohol (R97.66 / 750ml bottle)	3.39	–
Cigarettes	R22.81 / 20 cigarettes	R23.58 / 20 cigarettes	3.39	–
HTPs sticks	R17.10 / 20 sticks	R17.68 / 20 sticks	3.39	–
Cigarette tobacco	R25.63 / 50g	R26.50 / 50g	3.39	–
Pipe tobacco	R8.03 / 25g	R8.31 / 25g	3.39	–
Cigars	R134.40 / 23g	R138.96 / 23g	3.39	–
ENDS/ENNDS	R3.18 / ml	R3.29 / ml	3.39	–

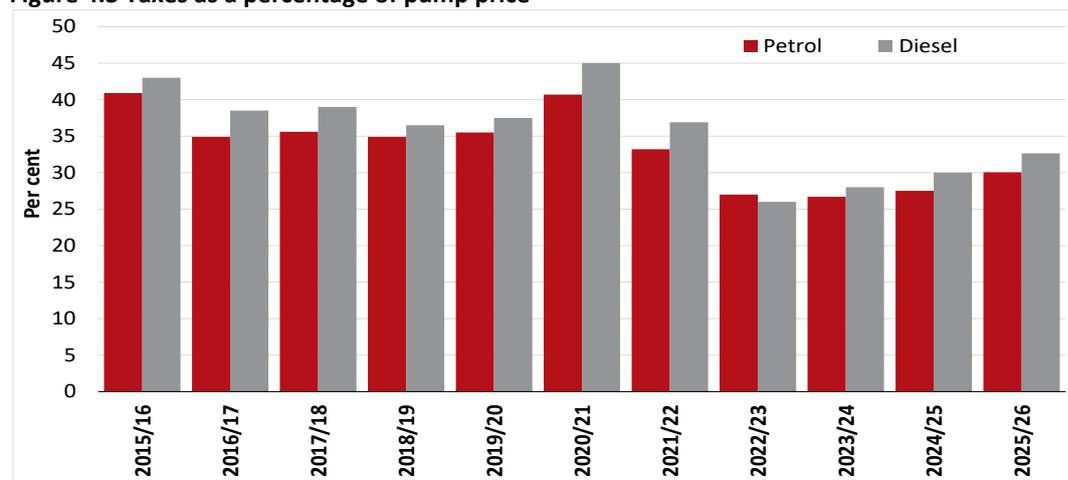
Source: National Treasury

## Fuel taxes and levies



From 2015 to 2025 taxes as a percentage of the pump price averaged 33.4 per cent for petrol, and 35.7 per cent for diesel. The tax burden for petrol peaked in 2015/16 at 40.9 per cent, and for diesel in 2020/21 at 45 per cent. From 2022/23, the tax burden for petrol and diesel has remained below 35 per cent due to higher fuel prices and because fuel levies were not increased for three years.

Figure 4.3 Taxes as a percentage of pump price



Source: National Treasury

Fuel prices have remained subdued and it is proposed that from 1 April the general fuel levy is increased by less than inflation to R4.10/litre for petrol and R3.93/litre for diesel. The Road Accident Fund (RAF) levy will be increased by 7c/litre to R2.25/litre from 1 April, in line with expected inflation, while the customs and excise levies remain unchanged.

Table 4.9 Total combined fuel taxes on petrol and diesel

Rands/litre	2024/25		2025/26		2026/27	
	93 octane petrol	Diesel	93 octane petrol	Diesel	93 octane petrol	Diesel
General fuel levy	3.85	3.70	4.01	3.85	4.10	3.93
Road Accident Fund levy	2.18	2.18	2.18	2.18	2.25	2.25
Customs and excise levy	0.04	0.04	0.04	0.04	0.04	0.04
Carbon tax <sup>1</sup>	0.11	0.14	0.14	0.17	0.19	0.23
<b>Total</b>	<b>6.18</b>	<b>6.06</b>	<b>6.37</b>	<b>6.24</b>	<b>6.58</b>	<b>6.45</b>
Pump price <sup>2</sup>	22.41	20.19	21.20	19.11	19.99	17.92
<i>Taxes as percentage of pump price</i>	27.6%	30.0%	30.0%	32.7%	32.9%	36.0%

1. The carbon tax on fuel became effective from 5 June 2019

2. Average Gauteng pump price for the 2024/25 and 2025/26 years. The 2026/27 figure is the Gauteng pump price in February 2026. Diesel (0.05% sulphur) wholesale price (retail price not regulated)

Source: National Treasury

## Carbon tax

The carbon tax plays an integral role in South Africa's climate change mitigation efforts. It increased from R236 to R308 per tonne of carbon dioxide equivalent from 1 January 2026.

The carbon fuel levy will increase to 19c/litre for petrol and 23c/litre for diesel from 1 April 2026, as required under the Carbon Tax Act (2019). The combined increase in fuel levies from the general fuel levy, the carbon fuel levy and the RAF levy is in line with expected inflation. The carbon tax cost recovery quantum for the liquid fuels sector will be increased from 0.99c/litre to 1.29c/litre from 1 January 2026 to align with the increase of the headline carbon tax rate.



## UPDATES AND OTHER TAX MATTERS UNDER CONSIDERATION

### Update to urban development zone tax incentive review



As part of the review of the urban development zone tax incentive and in line with Operation Vulindlela's objective to reduce spatial inequality, government will explore targeting the incentive to better support affordable housing developments in areas that are close to jobs, public transport and essential services. A workshop will be held with relevant stakeholders during 2026, with the aim of tabling proposals in the 2027 Budget.

### Collective investment schemes

Following public consultation after the publication of the discussion paper on collective investment scheme (CIS) taxation in 2024, the National Treasury will release a response document with revised proposals for further consultation.



The draft recommendation in the response document proposes that all investment returns generated by regular CISs and retail investment hedge funds be taxed as capital. This is to encourage savings and to provide the industry with certainty about the tax treatment of these savings vehicles. CISs and retail investment hedge funds are open to the general public, are well regulated and have diversification and other requirements, providing an important avenue for savings. By contrast, qualified investment hedge funds are not open to the general public, have minimal investment criteria and only cater for those able to invest a minimum of R1 million. Government will propose excluding such qualified funds from the CIS tax regime. Alternative tax regime options for these funds will be proposed in the response document.

### National online gambling tax

The National Treasury published a draft national online gambling tax discussion paper for public comment in November 2025. It proposed a tax of 20 per cent on gross gambling revenue generated by online gambling. This tax would be in addition to the current taxes paid to provinces. The public comment period was extended to close on 27 February 2026. Following receipt of the comments, the National Treasury will hold a workshop with those who commented. A proposal, including any revisions from the consultation, will be included in draft legislation that will be made available for public comment later in the year.

## CONCLUSION



The tax system is highly progressive and has proven resilient in the face of significant economic weakness. The 2026 Budget withdraws previously announced tax increases and adjusts various tax instruments for inflation to provide relief for taxpayers, assist small businesses and encourage savings.

# 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		
<b>Community development</b>	<b>182.2</b>	<b>201.1</b>	<b>207.6</b>	<b>231.4</b>	<b>230.8</b>	<b>242.5</b>	<b>256.8</b>
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 <sup>1</sup>	126.2	136.1	145.4	151.9	152.4	157.3	160.1
<b>Expanded public works and community works programmes</b>	<b>9.6</b>	<b>9.7</b>	<b>9.0</b>	<b>8.9</b>	<b>8.4</b>	<b>9.4</b>	<b>9.8</b>
<b>Health</b>	<b>235.3</b>	<b>243.3</b>	<b>252.4</b>	<b>267.7</b>	<b>281.8</b>	<b>294.1</b>	<b>303.4</b>
<b>Basic education</b>	<b>276.2</b>	<b>291.4</b>	<b>299.4</b>	<b>316.9</b>	<b>330.6</b>	<b>347.5</b>	<b>357.6</b>
<b>Higher education and training</b>	<b>61.6</b>	<b>61.6</b>	<b>70.2</b>	<b>74.9</b>	<b>72.1</b>	<b>75.0</b>	<b>77.0</b>
<b>Social protection</b>	<b>267.8</b>	<b>284.4</b>	<b>302.1</b>	<b>318.0</b>	<b>334.6</b>	<b>346.9</b>	<b>358.2</b>
<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>
<b>Social security funds</b>	<b>66.4</b>	<b>65.7</b>	<b>68.8</b>	<b>73.0</b>	<b>89.0</b>	<b>83.5</b>	<b>85.1</b>
<b>Total</b>	<b>1 099.1</b>	<b>1 157.2</b>	<b>1 209.5</b>	<b>1 290.8</b>	<b>1 347.2</b>	<b>1 398.9</b>	<b>1 447.8</b>
<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
<b>Targeted and responsible savings</b>	<b>-4 421</b>	<b>-3 649</b>	<b>-3 934</b>	<b>-12 004</b>
<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
<b>Other MTEF spending pressures accommodated</b>	<b>5 165</b>	<b>3 788</b>	<b>4 880</b>	<b>13 834</b>
<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 accommodated<sup>1</sup></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 classification<sup>1</sup>**

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
<b>Economic classification</b>						
<b>Current payments</b>	<b>1 588 899</b>	<b>1 656 157</b>	<b>1 718 563</b>	<b>1 781 778</b>	<b>62.1%</b>	<b>3.9%</b>
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%
<b>Transfers and subsidies</b>	<b>838 112</b>	<b>862 331</b>	<b>883 456</b>	<b>911 040</b>	<b>32.0%</b>	<b>2.8%</b>
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%
<b>Payments for capital assets</b>	<b>130 270</b>	<b>135 404</b>	<b>146 337</b>	<b>172 187</b>	<b>5.5%</b>	<b>9.7%</b>
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%
<b>Payments for financial assets</b>	<b>21 576</b>	<b>10 779</b>	<b>9 171</b>	<b>11 462</b>		
<b>Total</b>	<b>2 578 857</b>	<b>2 664 671</b>	<b>2 757 528</b>	<b>2 876 467</b>	<b>100.0%</b>	<b>3.7%</b>
Contingency reserve	–	5 008	10 603	16 957		
<b>Consolidated expenditure</b>	<b>2 578 857</b>	<b>2 669 679</b>	<b>2 768 130</b>	<b>2 893 424</b>		<b>3.9%</b>

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 function<sup>1</sup>**

R million	2025/26	2026/27	2027/28	2028/29	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
<b>Learning and culture</b>	<b>514 274</b>	<b>527 231</b>	<b>552 153</b>	<b>568 739</b>	<b>23.7%</b>	<b>3.4%</b>
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%
<b>Health</b>	<b>295 378</b>	<b>310 377</b>	<b>323 919</b>	<b>334 276</b>	<b>13.9%</b>	<b>4.2%</b>
<b>Social development</b>	<b>412 240</b>	<b>446 597</b>	<b>452 890</b>	<b>466 386</b>	<b>19.7%</b>	<b>4.2%</b>
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%
<b>Community development</b>	<b>290 990</b>	<b>294 285</b>	<b>308 865</b>	<b>326 844</b>	<b>13.4%</b>	<b>3.9%</b>
<b>Economic development</b>	<b>269 101</b>	<b>283 939</b>	<b>290 576</b>	<b>319 051</b>	<b>12.9%</b>	<b>5.8%</b>
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%
<b>Peace and security</b>	<b>268 227</b>	<b>274 618</b>	<b>282 331</b>	<b>291 239</b>	<b>12.2%</b>	<b>2.8%</b>
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%
<b>General public services</b>	<b>86 463</b>	<b>84 396</b>	<b>86 173</b>	<b>89 149</b>	<b>3.7%</b>	<b>1.0%</b>
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%
<b>Payments for financial assets</b>	<b>21 576</b>	<b>10 779</b>	<b>9 171</b>	<b>11 462</b>		
<b>Allocated by function</b>	<b>2 158 247</b>	<b>2 232 222</b>	<b>2 306 078</b>	<b>2 407 146</b>	<b>100.0%</b>	<b>3.7%</b>
Debt-service costs	420 610	432 449	451 450	469 321		3.7%
Contingency reserve	–	5 008	10 603	16 957		
<b>Consolidated expenditure</b>	<b>2 578 857</b>	<b>2 669 679</b>	<b>2 768 130</b>	<b>2 893 424</b>		<b>3.9%</b>

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				
<b>Basic education</b>	<b>344 576</b>	<b>358 556</b>	<b>376 290</b>	<b>387 371</b>	<b>68.1%</b>	<b>4.0%</b>
<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 LTSM<sup>1</sup></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 schools<sup>2</sup></i>	28 038	31 791	34 817	35 743	6.2%	8.4%
<i>School infrastructure<sup>3</sup></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%
<b>Post-school education and training</b>	<b>157 505</b>	<b>155 804</b>	<b>163 238</b>	<b>168 370</b>	<b>29.6%</b>	<b>2.2%</b>
<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 Scheme<sup>4</sup></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 institutions<sup>5</sup></i>	31 982	30 100	31 717	33 117	5.8%	1.2%
<b>Arts, culture, sport and recreation</b>	<b>12 192</b>	<b>12 871</b>	<b>12 625</b>	<b>12 998</b>	<b>2.3%</b>	<b>2.2%</b>
<b>Total</b>	<b>514 274</b>	<b>527 231</b>	<b>552 153</b>	<b>568 739</b>		<b>3.4%</b>

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				
<b>Health expenditure</b>	<b>295 378</b>	<b>310 377</b>	<b>323 919</b>	<b>334 276</b>	<b>100.0%</b>	<b>4.2%</b>
<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> <sup>1</sup>	7 291	6 560	6 746	6 956	2.1%	-1.6%
<b>Total</b>	<b>295 378</b>	<b>310 377</b>	<b>323 919</b>	<b>334 276</b>	<b>100.0%</b>	<b>4.2%</b>
<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



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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				
<b>Social protection expenditure</b>	<b>314 240</b>	<b>330 490</b>	<b>342 174</b>	<b>353 316</b>	<b>75.1%</b>	<b>4.0%</b>
<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> <sup>1</sup>	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%
<b>Social security funds</b>	<b>89 951</b>	<b>107 566</b>	<b>101 327</b>	<b>103 390</b>	<b>22.9%</b>	<b>4.8%</b>
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%
<b>Total</b>	<b>412 240</b>	<b>446 597</b>	<b>452 890</b>	<b>466 386</b>	<b>100.0%</b>	<b>4.2%</b>
<i>Social grants as percentage of GDP</i>	3.6%	3.6%	3.1%	3.1%		
<b>Social grant beneficiary numbers by grant type (thousands)</b>						
Child support	12 860	12 612	12 380	12 164	59.4%	-1.8%
Old age <sup>1</sup>	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%	
<b>Total</b>	<b>26 254</b>	<b>26 498</b>	<b>18 120</b>	<b>17 975</b>	<b>100.0%</b>	<b>-11.9%</b>

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				
<b>Community development</b>	<b>290 990</b>	<b>294 285</b>	<b>308 865</b>	<b>326 844</b>	<b>100.0%</b>	<b>3.9%</b>
<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%
<b>Total</b>	<b>290 990</b>	<b>294 285</b>	<b>308 865</b>	<b>326 844</b>	<b>100.0%</b>	<b>3.9%</b>
<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				
<b>Economic regulation and infrastructure</b>	<b>153 063</b>	<b>164 060</b>	<b>169 341</b>	<b>192 873</b>	<b>58.9%</b>	<b>8.0%</b>
<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%
<b>Labour affairs and works programmes</b>	<b>12 638</b>	<b>13 233</b>	<b>13 137</b>	<b>13 616</b>	<b>4.5%</b>	<b>2.5%</b>
<i>of which:</i>						
<i>Expanded public works and community works programmes<sup>1</sup></i>	8 874	8 357	9 371	9 761	3.1%	3.2%
<b>Industrialisation and exports</b>	<b>43 801</b>	<b>45 763</b>	<b>45 100</b>	<b>47 727</b>	<b>15.5%</b>	<b>2.9%</b>
<i>of which:</i>						
<i>Economic development and incentive programmes</i>	22 603	22 384	21 383	21 639	7.3%	-1.4%
<b>Innovation, science and technology</b>	<b>20 889</b>	<b>21 334</b>	<b>21 598</b>	<b>21 773</b>	<b>7.2%</b>	<b>1.4%</b>
<b>Agriculture and rural development</b>	<b>38 709</b>	<b>39 548</b>	<b>41 400</b>	<b>43 062</b>	<b>13.9%</b>	<b>3.6%</b>
<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%
<b>Total</b>	<b>269 101</b>	<b>283 939</b>	<b>290 576</b>	<b>319 051</b>	<b>100.0%</b>	<b>5.8%</b>
<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%
<b>Total</b>	<b>268 227</b>	<b>274 618</b>	<b>282 331</b>	<b>291 239</b>	<b>100.0%</b>	<b>2.8%</b>
<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%
<b>Total</b>	<b>86 463</b>	<b>84 396</b>	<b>86 173</b>	<b>89 149</b>	<b>100.0%</b>	<b>1.0%</b>
<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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# 6

**2026 BUDGET REVIEW**

## **DIVISION OF REVENUE AND SPENDING BY PROVINCES AND MUNICIPALITIES**



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



**In brief**

- The 2026 division of revenue continues to allocate more than half of nationally raised revenue to provinces and municipalities.
- Significant weaknesses in provincial and municipal operations and financial management persist, despite two decades of programmatic reform interventions.
- The 2026 *Budget Review* consequently marks a shift to structural intervention, with a focus on local government. Continued financial deterioration and instability in municipalities have adverse consequences for people's daily lives.
- National government is employing the powers granted to it under the Constitution to stabilise the system. A combination of targeted investment in revenue infrastructure, performance-based grant reforms and long-term financial planning support is intended to effect significant improvements in municipal self-reliance and fiscal sustainability.
- Provinces are rationalising public entities by reviewing mandates, governance arrangements and financial sustainability to identify duplication and non-performance.

**OVERVIEW**

The 2026 *Budget Review* announces strengthened measures to improve the operations and financial management of local and provincial government.

Over the 2026 medium-term expenditure framework (MTEF) period, more than half of nationally raised revenue will be transferred to the nine provinces and 257 municipalities, supporting their ability to fulfil their constitutionally mandated functions. Provinces provide basic education, health services, provincial roads, human settlements, social development and agricultural services. Local governments deliver core services including water, sanitation, electricity reticulation, refuse removal and local roads. These transfers play a redistributive role, shifting resources from high-activity economic areas to areas least able to afford public services. Provincial and local governments have autonomy to prepare their own plans and budgets within the national policy framework. Yet despite large transfers, operational and financial management weaknesses persist.

The 2026 Budget marks a fundamental shift in the subnational fiscal architecture. For over a decade, intergovernmental financing flows have masked provincial and municipal performance weaknesses. With 63 per cent (162) of municipalities in financial distress in 2023/24, and provinces struggling to balance compensation costs and service-delivery outputs, this approach has reached its limit. National government is now moving from oversight to active structural intervention.

At the municipal level, this shift involves changes to legislation, governance arrangements and technological intervention. In provinces, government is enforcing strict headcount controls and compensation discipline. These measures include centralising the functions of government's human resource, payroll and administration system, conducting employee verification through identification systems, and requiring provincial treasuries and premiers' offices to approve the filling of all posts against verified recruitment plans



**CHAPTER 6**  
**DIVISION OF REVENUE AND SPENDING**  
**BY PROVINCES AND MUNICIPALITIES**

and available funding. Together, these reforms move the system towards a more capable, disciplined and performance-oriented model of subnational governance.

**DIVISION OF REVENUE**

Table 6.1 details the division of revenue over the next three years. Of the total funds available after providing for debt-service costs and the contingency reserve, 48.2 per cent is allocated to national government, 42.3 per cent to provincial government and 9.5 per cent to local government.

**Table 6.1 Division of nationally raised revenue**

R billion	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Average annual MTEF growth
	Outcome			Revised estimate	Medium-term estimates			
<b>Division of available funds</b>								
<b>National departments</b>	<b>855.9</b>	<b>826.9</b>	<b>860.5</b>	<b>939.4</b>	<b>951.7</b>	<b>939.9</b>	<b>987.9</b>	<b>1.7%</b>
<i>of which:</i>								
<i>Indirect transfers to provinces</i>	3.5	4.1	3.7	4.6	3.0	2.6	2.7	-16.5%
<i>Indirect transfers to local government</i>	7.2	8.2	7.1	7.6	7.5	8.0	8.3	2.8%
<b>Provinces</b>	<b>694.1</b>	<b>706.3</b>	<b>730.6</b>	<b>788.8</b>	<b>810.5</b>	<b>845.9</b>	<b>872.4</b>	<b>3.4%</b>
Equitable share	570.9	585.1	600.5	649.3	670.3	698.6	720.4	3.5%
Conditional grants	123.3	121.2	130.2	139.4	140.2	147.2	152.0	2.9%
<b>Local government</b>	<b>150.7</b>	<b>157.7</b>	<b>167.7</b>	<b>178.3</b>	<b>182.3</b>	<b>189.3</b>	<b>195.3</b>	<b>3.1%</b>
Equitable share	83.9	92.3	99.5	103.8	110.1	114.5	118.0	4.4%
Conditional grants	51.4	50.0	52.1	57.7	54.7	56.6	58.5	0.4%
General fuel levy sharing with metros	15.3	15.4	16.1	16.8	17.5	18.2	18.8	3.7%
Provisional allocations not appropriated <sup>1</sup>	–	–	–	–	1.3	38.2	39.2	
<b>Non-interest allocations</b>	<b>1 700.7</b>	<b>1 690.8</b>	<b>1 758.8</b>	<b>1 906.5</b>	<b>1 945.8</b>	<b>2 013.3</b>	<b>2 094.8</b>	<b>3.2%</b>
<i>Percentage increase</i>	5.0%	-0.6%	4.0%	8.4%	2.1%	3.5%	4.0%	
Debt-service costs	308.5	356.1	385.8	420.6	432.4	451.4	469.3	3.7%
Contingency reserve	–	–	–	–	5.0	10.6	17.0	
<b>Main budget expenditure</b>	<b>2 009.2</b>	<b>2 046.9</b>	<b>2 144.6</b>	<b>2 327.1</b>	<b>2 383.3</b>	<b>2 475.4</b>	<b>2 581.1</b>	<b>3.5%</b>
<i>Percentage increase</i>	6.5%	1.9%	4.8%	8.5%	2.4%	3.9%	4.3%	
<i>Percentage shares</i>								
<i>National departments</i>	50.3%	48.9%	48.9%	49.3%	48.9%	47.6%	48.1%	
<i>Provinces</i>	40.8%	41.8%	41.5%	41.4%	41.7%	42.8%	42.4%	
<i>Local government</i>	8.9%	9.3%	9.5%	9.4%	9.4%	9.6%	9.5%	

1. For early retirement costs in 2026/27 and SRD in the outer two years

Source: National Treasury

Transfers to provinces and local government are made through the equitable share and conditional grants. Equitable share allocations are determined by formulas that consider demographic and developmental factors, ensuring a fair and predictable distribution of resources. Conditional grants are designed to achieve specific policy goals. Provinces and municipalities must meet defined criteria to receive these funds and adhere to strict conditions when spending them. The 16.5 per cent reduction in indirect provincial grants over the MTEF period is attributable to the merger of the indirect *school infrastructure*

*backlogs grant* into the *education infrastructure grant*, resulting in the combined grant structure reflecting reduced indirect-grant allocations.

## PROVINCIAL REVENUE AND SPENDING

Provinces shoulder the primary responsibility for delivering social services according to nationally determined norms and standards, including providing basic education for 13.6 million learners and healthcare for the 53.4 million people without private medical insurance. Because legislation limits provinces' ability to raise their own revenue, they are highly dependent on national transfers, which accounted for about 97 per cent of provincial revenue in 2024/25. Provincial own revenue collections are estimated to total R95.2 billion over the MTEF period, generated primarily from motor vehicle licence fees.



Direct national transfers to provinces are projected to grow by an annual average of 3.4 per cent, from R788.8 billion in 2025/26 to R872.4 billion in 2028/29. In 2026/27, these transfers include R670.3 billion for the provincial equitable share and R140.2 billion for conditional grants.

**Table 6.2 Provincial equitable share**

R million	2025/26	2026/27	2027/28	2028/29	Average annual MTEF growth
	Estimate	Medium-term estimates			
Eastern Cape	84 080	86 599	89 813	92 199	3.1%
Free State	35 837	36 761	38 247	39 364	3.2%
Gauteng	139 085	140 952	147 063	151 711	2.9%
KwaZulu-Natal	130 291	136 378	142 178	146 679	4.0%
Limpopo	75 328	78 951	82 364	84 979	4.1%
Mpumalanga	53 338	56 019	58 585	60 580	4.3%
Northern Cape	17 448	18 242	19 097	19 765	4.2%
North West	47 300	46 867	48 522	49 860	1.8%
Western Cape	66 632	69 553	72 757	75 273	4.1%
<b>Total</b>	<b>649 339</b>	<b>670 323</b>	<b>698 626</b>	<b>720 409</b>	<b>3.5%</b>

Source: National Treasury

Over the next three years, provinces are allocated an additional R32.3 billion, of which R9.9 billion supports employee compensation pressures in education. The remaining R21.3 billion is for health sector compensation and the employment of doctors, and to make up for shortfalls in goods and services expenditure. Additional allocations to the provincial equitable share include R341.7 million to equalise Grade R teacher pay, R340.3 million for the Early Retirement Programme, and R318.8 million for the presidential employment initiative. Within the conditional grant framework:

- The *early childhood development grant* receives an additional R12.8 billion.
- R5 million is reprioritised from the *expanded public works programme integrated grant for provinces* to address existing pressures in the Department of Public Works and Infrastructure.
- R3 billion is reprioritised from the *human settlements development grant* to the *informal settlements upgrading partnership grant* to provinces.

## CHAPTER 6

### DIVISION OF REVENUE AND SPENDING BY PROVINCES AND MUNICIPALITIES

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- R1.5 billion is added to the *provincial roads maintenance grant* in 2026/27 to fund the carry-through costs of the disasters that occurred between April 2024 and June 2025.
- R109 million will be reprioritised from the *comprehensive agricultural support programme grant* to develop an e-certification system and implement animal identification, recording and traceability systems.



More than 80 per cent of provincial transfers are allocated through the equitable share formula. The National Treasury, in collaboration with provincial treasuries, national departments and Statistics South Africa, continues to review this formula to ensure it remains fair and responsive. At a technical level, the review focuses on the reliability and frequency of data updates. At a policy level, it considers structural issues such as the specific funding burdens of poorer schools and service provision costs across provinces.

#### Managing provincial spending pressures

Provincial departments face significant spending pressures, particularly in compensation of employees, which crowd out service delivery and capital investment. Provinces have begun to eliminate duplication and focus resources on activities with the greatest impact for citizens. In 2026, three provinces plan to conduct comprehensive spending reviews.



To reduce compensation pressures, provinces are tightening staffing and compensation controls (including headcount verification), closely monitoring overtime and improving efficiency in support services such as security, catering and fleet.

Several provinces have merged agencies in recent years to reduce overheads. The Free State, KwaZulu-Natal and Mpumalanga have combined separate entities that managed gambling, liquor and/or tourism. The Northern Cape has merged its tourism agency and the Kalahari Kid Corporation into an economic development agency.

Medico-legal claims remain a significant burden for provinces, though some progress has been made in this area. From 2023/24 to 2024/25, total medico-legal contingent liabilities declined by R4.9 billion, from R62.5 billion to R57.6 billion. Yet provinces spend an average of R1.5 billion each year on settling these claims – funds that could otherwise support frontline health services. Efforts to reduce such claims include strengthening patient recordkeeping and safety systems, upgrading infrastructure, promoting mediation, conducting investigations and ensuring health staff work in their areas of expertise.

#### Provincial and municipal grant reforms for the 2026 MTEF period

Grant reforms for the 2026 MTEF period focus on consolidation, better targeting and stronger performance incentives. In provinces, the *school infrastructure backlogs grant* will be fully merged into the *education infrastructure grant* in 2026/27. The *comprehensive agricultural support programme grant* and the *Ilima/Letsema projects grant* are being combined to streamline support to emerging farmers, while the *community library services grant* is earmarked for incorporation into the provincial equitable share in 2028/29.

**Table 6.3 Conditional grants to provinces**

R million	2025/26	2026/27	2027/28	2028/29	MTEF total
	Adjusted budget	Medium-term estimates			
<b>Direct conditional grants</b>					
Comprehensive agricultural support programme	2 022	2 298	2 517	2 597	7 413
Ilima/Letsema projects	677	–	–	–	–
Land care programme grant: poverty relief and infrastructure development	94	98	102	105	305
Early childhood development grant	3 957	4 611	6 903	7 117	18 631
Education infrastructure	16 028	16 257	16 590	17 106	49 954
HIV and AIDS (life skills education) grant	262	272	283	292	847
Learners with profound intellectual disabilities grant	293	307	322	337	967
Maths, science and technology grant	459	478	497	512	1 487
National school nutrition programme	10 319	10 794	11 284	11 792	33 870
Provincial disaster response grant	151	157	164	169	490
District health programmes grant	28 929	29 549	30 790	31 787	92 126
Health facility revitalisation	7 569	7 717	8 177	8 389	24 283
Human resources and training grant	5 650	5 909	6 174	6 385	18 468
National health insurance grant	467	475	497	513	1 485
National tertiary services	15 995	16 700	17 410	17 980	52 090
Human settlements development	14 149	13 258	13 827	14 289	41 374
Informal settlements upgrading partnership	2 770	1 925	1 962	1 992	5 879
Mass participation and sport development grant	627	653	679	700	2 031
Expanded public works programme integrated grant for provinces	627	649	681	703	2 033
Community library services	1 649	1 719	1 790	1 848	5 356
Provincial roads maintenance	18 663	17 923	17 844	18 399	54 167
Public transport operations	8 082	8 409	8 744	9 016	26 169
<b>Total direct conditional grants</b>	<b>139 439</b>	<b>140 158</b>	<b>147 238</b>	<b>152 028</b>	<b>439 423</b>
<b>Indirect transfers</b>	<b>4 599</b>	<b>3 008</b>	<b>2 597</b>	<b>2 678</b>	<b>8 283</b>
School infrastructure backlogs	1 284	448	–	–	448
National health insurance indirect	3 315	2 560	2 597	2 678	7 836

Source: National Treasury

In local government, the *integrated national electrification programme (municipal) grant* will be merged with the *energy efficiency and demand-side management grant*. To address chronic underinvestment in metropolitan trading services, the *urban settlements development grant* is being reconfigured: its metro trading services component, R19.5 billion, is moved to the *urban development financing grant*, and over the medium term, R8.6 billion is added to the performance-based *urban development financing grant*.

To protect infrastructure investment from municipal dysfunction, a general clause will be introduced in the 2026 Division of Revenue Bill. It will enable the National Treasury to redirect infrastructure grants from local municipalities that have proven incapable of implementation to the Development Bank of Southern Africa, the Municipal Infrastructure Support Agent or capable district municipalities.

The *public transport network grant* will be scaled down over the 2026 MTEF period as the system shifts towards integrated, multimodal transport linked to higher-density housing.

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The *neighbourhood development partnership grant* will be phased out over three years. In parallel, a review of the *water services infrastructure grant*, *regional bulk infrastructure grant* and *municipal infrastructure grant* will rationalise funding of water services.

**MUNICIPAL REVENUE, SPENDING AND REFORMS**

Table 6.4 shows medium-term transfers to local government. The 2026 Budget strengthens delivery by expanding the suite of implementing agencies that can be used where municipal capacity constraints undermine project execution, enabling infrastructure grants to be implemented through capable intermediaries.

**Table 6.4 Transfers to local government**

R million	2025/26	2026/27	2027/28	2028/29	MTEF total
	Adjusted budget	Medium-term estimates			
<b>Equitable share and related</b>	<b>106 087</b>	<b>110 090</b>	<b>114 483</b>	<b>118 041</b>	<b>342 615</b>
<b>General fuel levy sharing</b>	<b>16 849</b>	<b>17 530</b>	<b>18 230</b>	<b>18 796</b>	<b>54 556</b>
<b>with metros</b>					
<b>Direct conditional grants</b>	<b>57 711</b>	<b>54 658</b>	<b>56 594</b>	<b>58 453</b>	<b>169 705</b>
Integrated urban development	1 278	1 379	1 434	1 479	4 292
Municipal disaster recovery	2 161	–	–	–	–
Municipal disaster response	395	411	427	441	1 279
Municipal infrastructure	17 358	17 504	20 030	20 652	58 186
Energy efficiency and demand-side management	246	–	–	–	–
Expanded public works programme integrated	567	586	614	633	1 832
Integrated national electrification programme	1 697	1 902	1 978	2 040	5 920
Informal settlements upgrading partnership	4 717	4 417	5 104	5 263	14 784
Infrastructure skills development	173	180	187	193	559
Local government financial management	590	614	638	658	1 909
Urban settlements development	9 250	4 079	2 867	2 141	9 087
Urban development financing	3 091	9 024	9 978	12 646	31 648
Neighbourhood development partnership	542	428	263	66	757
Public transport network	7 544	5 711	4 510	3 747	13 968
Rural roads asset management systems	126	131	136	141	408
Regional bulk infrastructure	3 757	3 902	3 865	3 649	11 415
Water services infrastructure	4 219	4 389	4 564	4 706	13 659
<b>Total direct transfers</b>	<b>180 648</b>	<b>182 278</b>	<b>189 307</b>	<b>195 291</b>	<b>566 876</b>
<b>Indirect transfers</b>	<b>7 863</b>	<b>7 473</b>	<b>8 031</b>	<b>8 280</b>	<b>23 785</b>
Integrated national electrification programme	2 274	1 593	2 472	2 549	6 615
Municipal infrastructure	494	536	–	–	536
Neighbourhood development partnership	99	–	–	–	–
Smart meters	650	796	828	853	2 477
Regional bulk infrastructure	3 227	3 215	3 343	3 447	10 005
Water services infrastructure	1 119	1 334	1 388	1 431	4 153

Source: National Treasury

**Key considerations in municipal reform**

The 2026 Budget announces major initiatives to address persistent deterioration in a large share of municipalities.

The key factors in municipal financial instability are weak revenue collection, poor credit control and lack of financial discipline. Rising electricity and water input costs intensify financial pressures, but the accumulation of arrears largely reflects failures to bill



accurately, collect revenue consistently, and ring-fence and remit collections for bulk services. These weaknesses have left 88 municipalities with unfunded budgets and limited capacity to maintain infrastructure and sustain services. To address this, the National Treasury is revitalising support for long-term financial plans to improve project identification, sustainably plan cash flows and inform financial decisions.

Proposed municipal reforms are rooted in the revised White Paper on Local Government and the local government fiscal framework review. The white paper's proposals include a more differentiated system in which functions are assigned according to demonstrated capacity. In non-metro areas, this includes moving towards a single-tier model of elected local government where appropriate. The local government fiscal framework review proposes strengthening the links between the equitable share, conditional grants and measurable improvements in core functions such as revenue collection and asset maintenance, with a particular focus on the viability of the equitable share formula.

### Three key reforms for local government

Reforms fall into three broad categories: legislative, governance and technological.

At the legislative level, the Municipal Finance Management Act (MFMA) Amendment Bill, scheduled for public comment in early 2026, forms the legal backbone of the reform package. It will support the local government fiscal framework by enforcing funded budgets, strengthen expenditure controls and consequence management, and clarify the treatment of irregular expenditure to focus on financial losses. The bill will strengthen monitoring and intervention tools for the national and provincial treasuries, including more effective financial recovery measures and clearer safeguards during interventions.



In terms of governance, the state is strengthening its intervention framework for municipalities in severe financial distress. Currently, 29 municipalities are under mandatory financial recovery plans in terms of section 139(5) of the Constitution, with seven recovery plans reviewed and amended in 2024/25 and four new plans developed in 2025/26. Implementation progress has been slower than anticipated. A key weakness is that responsibility for implementing the financial recovery plans rests with the troubled municipalities themselves. Without addressing deep-rooted dysfunction, municipalities are unlikely to lead themselves out of financial crisis. The forthcoming MFMA amendments will provide more decisive powers for the design and enforcement of financial recovery plans, ensuring earlier intervention and consequence management.

Unauthorised, irregular, fruitless and wasteful expenditure in municipalities reached R236.3 billion in 2023/24 (R81.6 billion unauthorised, R137 billion irregular and R17.7 billion fruitless and wasteful). After years of support measures to strengthen financial governance, the National Treasury has invoked section 216(2) of the Constitution against persistently noncompliant municipalities, enabling the Treasury to halt national transfers to those in consistent breach of the MFMA. This provision was applied against



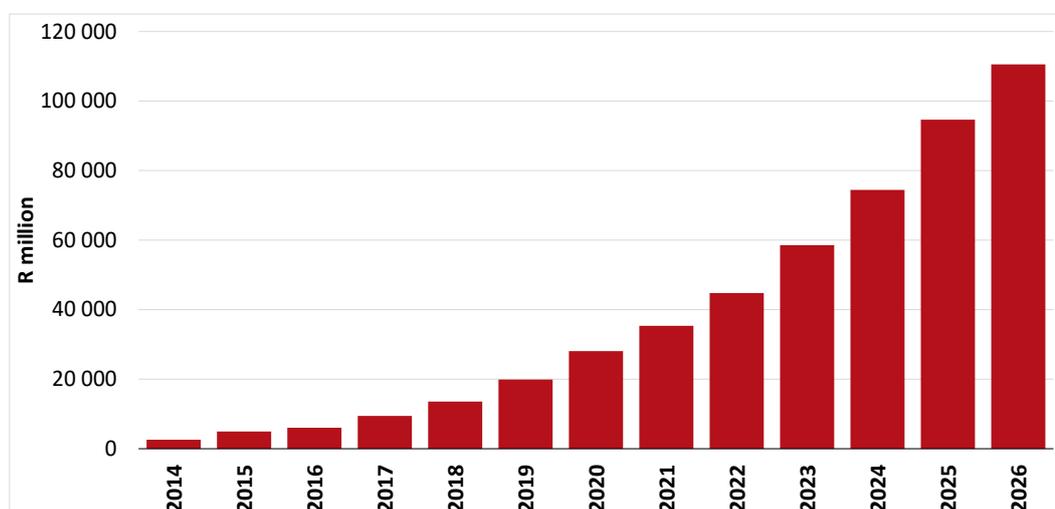
## CHAPTER 6

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75 municipalities – a decisive intervention necessary to restore good financial governance and financial integrity, protect public resources and ensure sustainable service delivery.

The Municipal Debt Relief Programme is at a critical juncture. Municipalities participating in this programme owed Eskom R85.2 billion in December 2025. Of the 71 participants only 15 have consistently met programme conditions. To protect the national grid and municipal viability, government will introduce Distribution Agency Agreements, under which Eskom takes over electricity distribution on behalf of defaulting municipalities to ensure revenue is collected, current accounts are paid and service reliability is restored. Municipalities refusing these conditions will be removed from the programme and become liable for the entirety of their debts.

**Figure 6.1 Historical municipal overdue debt owed to Eskom**



Source: Eskom



A key technological reform is the Smart Meters Grant Programme, which is allocated R2.5 billion over the MTEF period. In 71 debt-stressed municipalities, the programme has already installed over 139 000 smart meters, with 96 400 more planned for the next budget cycle. Beyond improving billing accuracy, these systems provide real-time data to identify leaks and illegal connections, directly addressing structural revenue losses. Grant disbursements are contingent on municipalities demonstrating improved collection rates.

## CONCLUSION

The 2026 division of revenue marks a decisive shift to active structural intervention to reverse poor performance in provinces and municipalities.

# 7

2026 BUDGET REVIEW

## GOVERNMENT DEBT AND CONTINGENT LIABILITIES



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



**In brief**

- Developments in government's debt portfolio reflect rising investor confidence and lower borrowing costs in response to fiscal consolidation and lower inflation.
- The gross borrowing requirement for 2026/27 has declined markedly, from R434.3 billion at the time of the 2025 Budget to R380 billion.
- Gross government debt stabilises at 78.9 per cent of GDP in 2025/26 and is expected to decline to 76.5 per cent of GDP over the medium term.
- South Africa received its first sovereign credit rating upgrade in 16 years.
- Yields on government bonds of all maturities fell below 9 per cent by the end of January 2026 for the first time since March 2018.

**OVERVIEW**

Over the past year the funding environment benefited from improved investor confidence, reduced perceptions of risk and declining interest rates. The sovereign risk premium – the extra yield investors demand to hold government debt over “risk-free” alternatives – has narrowed from 2.93 percentage points a year ago to 2.26 percentage points. This improvement was underpinned by fiscal consolidation and a more stable macroeconomic outlook. In addition, the Reserve Bank reduced the policy rate to 6.75 per cent by the end of 2025, lowering short-term borrowing costs and supporting market liquidity.

Several other developments also signal rising investor confidence:

- In January, for the first time since March 2018, yields on the 10-year government bond fell below 9 per cent, following a recent peak of 11.4 per cent in April 2025.
- S&P Global Ratings upgraded South Africa's sovereign credit rating from BB- to BB in November 2025, citing increased stability and a more favourable outlook. The last such upgrade was 16 years ago. Moody's and Fitch maintained their ratings.
- Global investor participation in the domestic bond market ticked up from 24.6 per cent in 2024 to 25 per cent in 2025, supported by lower risk aversion and improved perceptions of South Africa's credit outlook.

As outlined in Chapter 3, the 2025/26 budget deficit will be R12.4 billion lower than projected in last year's Budget. In addition, debt redemptions were R12.2 billion lower over the same period as government used its bond-switch programme – exchanging shorter-dated for longer-dated bonds – to alleviate near-term refinancing pressures.

As a result, the 2025/26 gross borrowing requirement, comprising the budget deficit, maturing government debt and the Eskom debt-relief arrangement, is revised down to R563.4 billion from the 2025 Budget projection of R588.2 billion. In line with the fiscal strategy, gross loan debt stabilises as a share of GDP in 2025/26, at 78.9 per cent, and will decline to 76.5 per cent by 2028/29. The stock of gross debt is expected to increase from R6.12 trillion in 2025/26 to R6.94 trillion in 2028/29, while net loan debt – gross debt less



cash balances – will increase from R5.91 trillion to R6.84 trillion, and decline from 76.3 per cent of GDP to 75.3 per cent over the period.

By 2028/29, the increase in the stock of debt will be R277.4 billion lower than projected in the 2025 Budget, a clear demonstration of the positive impact of improved fiscal management on government’s fiscal accounts. This results from a better budget balance and lower discounts on new fixed-rate bonds issued at lower interest rates. It also reflects reduced inflation adjustments on inflation-linked bonds, lower foreign debt due to a stronger exchange rate, and the use of cash balances and transfers from the Gold and Foreign Exchange Contingency Reserve Account.

### FINANCING STRATEGY



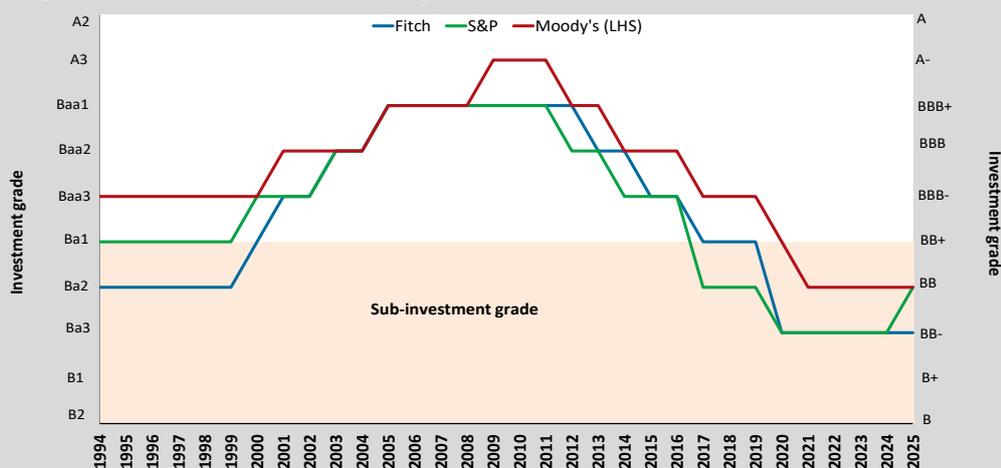
The borrowing strategy aims to ensure long-term debt sustainability and affordability by raising funding at the lowest cost, while managing liquidity and refinancing risks within defined benchmarks. In recent years, the strategy has been adjusted to lower borrowing costs, reduce debt-service pressures and strengthen fiscal sustainability. As fiscal conditions have improved, the average term to maturity of the debt portfolio has reduced.

#### Credit ratings reflect improving growth and fiscal trajectory

In November 2025, S&P Global Ratings (S&P) upgraded South Africa’s foreign-currency long-term sovereign credit rating from “BB-” (weak credit quality) to “BB” (improving credit quality). The local-currency long-term sovereign credit rating was also upgraded from “BB” to “BB+”, placing it one notch below investment grade. This marked South Africa’s first sovereign credit rating upgrade by any of the major rating agencies in 16 years.

S&P said the upgrade reflected an improving growth and fiscal trajectory. It noted that government was on track to record its third consecutive primary surplus in 2025/26, while contingent liabilities are easing as state-owned companies require less financial support.

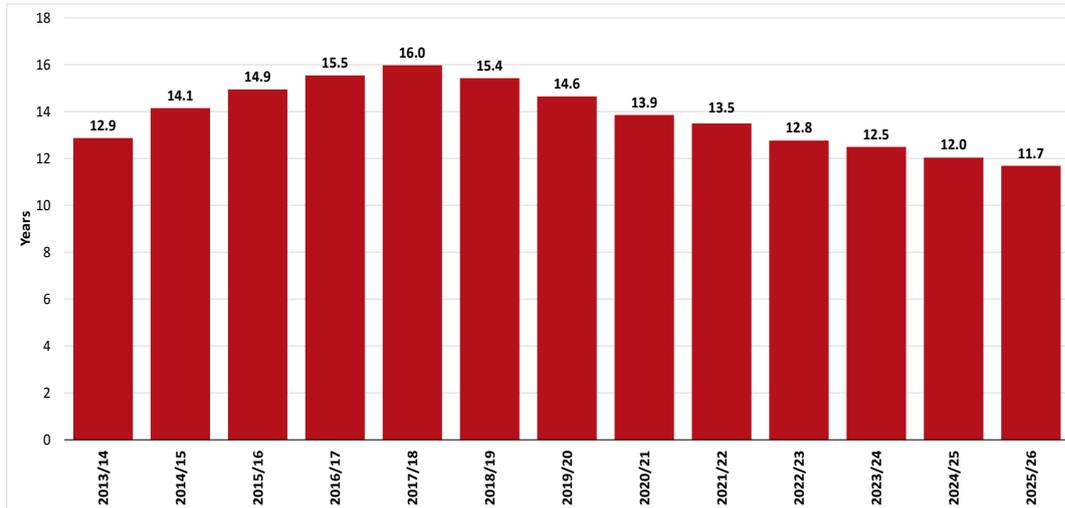
Figure 7.1 South Africa’s credit ratings (1994–2025)



Source: Moody’s, Fitch and S&P

The weighted average term to maturity of fixed-rate debt has declined from 16 years in 2017/18 to 11.7 years in 2025/26, helping to lower borrowing costs while keeping refinancing risk low.

**Figure 7.2 Weighted average term to maturity of fixed-rate bonds**



Source: National Treasury

Since 2020, government has expanded the use of concessional foreign funding with favourable terms from multilateral and development finance institutions (Table 7.5) complemented by Eurobond issuance. In December 2025, government successfully raised US\$3.5 billion in global markets through an oversubscribed transaction. Government has also introduced a formal process to attract new foreign-currency funding structures from financial institutions, as a result of which several transactions were approved.

### Risks to the financing strategy

The main risks to the financing strategy are as follows:

- Heightened geopolitical risk and divergent monetary policy across G7 economies could affect capital flows and valuations in South African fixed-income markets.
- Benign inflation could moderate investor demand for inflation-linked bonds.
- Declining interest rates could dampen investor demand for floating-rate instruments.
- Lower-than-expected GDP growth and the materialisation of contingent liabilities at state-owned companies could increase funding costs.



Table 7.1 Performance against strategic portfolio risk benchmarks

Description	Benchmark range or limit	2025/26	2026/27
		Estimates	
<b>Benchmarks<sup>1</sup></b>			
Treasury bills as % of domestic debt <sup>1</sup>	15	10.08	10.76
Long-term debt maturing in 5 years as % of bonds	25	18.97	18.69
Inflation-linked bonds as % of domestic debt	20-25	21.46	21.33
Foreign debt as % of total debt	15	9.28	9.19
Weighted term-to-maturity of fixed-rate bonds and Treasury bills (years)	10-14	9.93	9.98
Weighted term-to-maturity of inflation-linked bonds (years)	14-17	13.50	13.69
Weighted term-to-refixing of floating-rate notes (months)	0.5-3	2.24	2.51
<b>Other indicators (weighted average)</b>			
Term-to-maturity of total debt (years)		10.83	10.93
Term-to-maturity of foreign debt (years)		14.49	14.59

1. Excludes borrowing from the Corporation for Public Deposits and retail savings bonds

Source: National Treasury

## BORROWING PERFORMANCE AND PROJECTIONS

The gross borrowing requirement totals R563.4 billion for 2025/26, including R80 billion for debt relief to Eskom. The requirement is reduced by transfers to government of R25 billion in 2025/26 from the GFECRA.

Table 7.2 Financing of national government gross borrowing requirement<sup>1</sup>

R million	2024/25	2025/26		2026/27	2027/28	2028/29
	Outcome	Budget	Revised	Medium-term estimates		
<b>Main budget balance</b>	<b>-334 856</b>	<b>-361 321</b>	<b>-348 910</b>	<b>-301 250</b>	<b>-284 529</b>	<b>-260 469</b>
<b>Redemptions</b>	<b>-98 620</b>	<b>-171 705</b>	<b>-159 520</b>	<b>-134 753</b>	<b>-284 151</b>	<b>-194 575</b>
Domestic long-term loans	-61 001	-111 357	-102 905	-98 590	-260 250	-147 724
Foreign loans	-37 619	-60 349	-56 616	-36 163	-23 901	-46 850
<b>Eskom debt-relief arrangement</b>	<b>-64 000</b>	<b>-80 223</b>	<b>-80 000</b>	<b>-</b>	<b>-</b>	<b>-10 000</b>
<b>GFECRA settlement (net)<sup>5</sup></b>	<b>100 000</b>	<b>25 000</b>	<b>25 000</b>	<b>56 000</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-397 475</b>	<b>-588 249</b>	<b>-563 430</b>	<b>-380 003</b>	<b>-568 680</b>	<b>-465 043</b>
<b>Financing</b>						
<b>Domestic short-term loans</b>	<b>39 508</b>	<b>37 162</b>	<b>39 583</b>	<b>26 900</b>	<b>45 200</b>	<b>35 900</b>
Treasury bills (net) <sup>4</sup>	38 932	38 400	40 663	26 900	45 200	35 900
Corporation for Public Deposits	577	-1 238	-1 080	-	-	-
<b>Domestic long-term loans</b>	<b>347 744</b>	<b>345 300</b>	<b>387 900</b>	<b>242 500</b>	<b>406 800</b>	<b>323 200</b>
Market loans	346 361	345 300	388 713	242 500	406 800	323 200
Loans issued for switches	1 131	-	-726	-	-	-
Loans issued for repos (net)	252	-	-87	-	-	-
<b>Foreign loans</b>	<b>67 357</b>	<b>98 874</b>	<b>110 572</b>	<b>53 735</b>	<b>85 768</b>	<b>87 409</b>
Market loans	67 357	98 874	110 572	53 735	85 768	87 409
<b>Change in cash and other balances<sup>2</sup></b>	<b>-57 134</b>	<b>106 913</b>	<b>25 375</b>	<b>56 868</b>	<b>30 912</b>	<b>18 534</b>
Cash balances	-33 803	92 795	16 017	53 700	27 442	15 400
Other balances <sup>3</sup>	-23 331	14 118	9 358	3 168	3 470	3 134
<b>Total</b>	<b>397 475</b>	<b>588 249</b>	<b>563 430</b>	<b>380 003</b>	<b>568 680</b>	<b>465 043</b>
<i>Percentage of GDP</i>	<i>5.4</i>	<i>7.5</i>	<i>7.3</i>	<i>4.6</i>	<i>6.6</i>	<i>5.1</i>

1. A longer time series is presented in Table 1 of the statistical annexure at the back of the Budget Review

2. A positive value indicates that cash is used to finance part of the borrowing requirement

3. Differences between funds requested and actual cash flows of national departments

4. Represents a net between gross issuances and gross redemptions

5. In 2024/25, the Reserve Bank paid R200 billion to government in partial settlement of the GFECRA balances.

Of this amount government paid the Reserve Bank R100 billion towards the contingency reserve

Source: National Treasury

In 2026/27, the borrowing requirement is expected to decline to R380 billion, including the net effect of R56 billion from GFECRA, before increasing to R568.7 billion in 2027/28. Domestic and foreign redemptions are projected to increase from R134.8 billion in 2026/27 to R284.2 billion in 2027/28. As a share of GDP, the borrowing requirement will decline from 7.3 per cent in 2025/26 to average 5.5 per cent over the medium term. Active liability management, including the bond-switch programme, will smooth redemptions over time.

### Domestic short-term borrowing

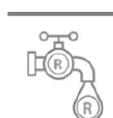
Government's short-term borrowing comprises Treasury bills and borrowing from the Corporation for Public Deposits.

**Table 7.3 Domestic short-term borrowing**

R million	2025/26			2026/27		2025/26	2026/27
	Opening balance	Net change	Closing balance	Net change	Closing balance	Weekly auction estimates	
Corporation for Public Deposits	1 080	-1 080	–	–	–	–	–
Treasury bills	549 486	40 663	590 149	26 900	617 049	15 600	16 100
91-days	16 043	4 757	20 800	2 900	23 700	1 600	1 700
182-days	94 158	2 042	96 200	2 600	98 800	3 700	3 800
273-days	179 063	16 319	195 382	10 618	206 000	5 000	5 150
364-days	260 223	17 545	277 768	10 782	288 549	5 300	5 450
<b>Total</b>	<b>550 566</b>	<b>39 583</b>	<b>590 149</b>	<b>26 900</b>	<b>617 049</b>		

Source: National Treasury

Treasury bills serve as a funding instrument and as a bridging finance tool. Net Treasury bill issuance of R40.7 billion is estimated for 2025/26, R2.3 billion higher than the 2025 Budget estimate. Borrowing from the Corporation for Public Deposits also helped manage liquidity needs. Previously, government allocated 10 per cent of domestic issuance to Treasury bills and set weekly auction levels accordingly. Improving macroeconomic conditions allow for more active Treasury bill issuance. Treasury bill auctions will now be flexible to respond to funding conditions and smooth cash-flow pressures. Over the next three years, net Treasury bill issuance will average R36 billion.



### Domestic long-term borrowing

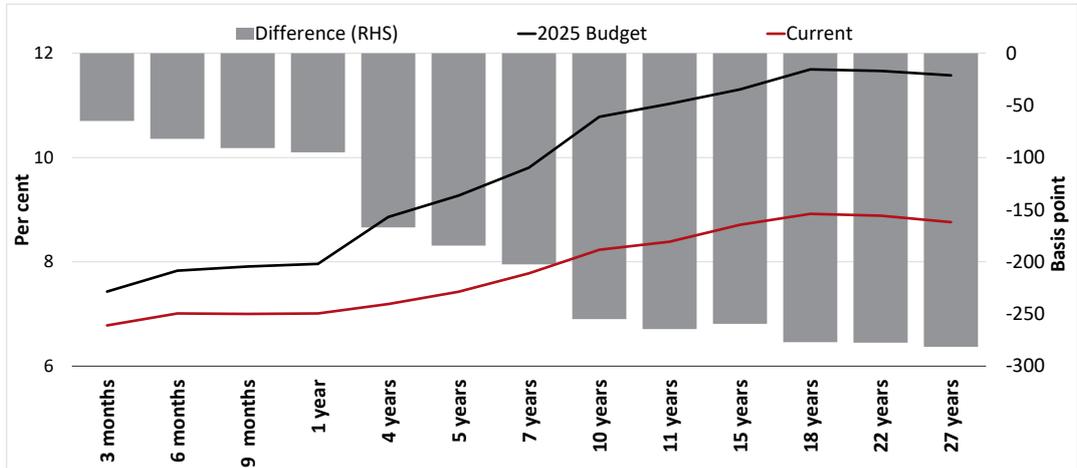
Domestic long-term borrowing, mainly government bonds, is estimated at R387.9 billion in 2025/26 and will average R324.2 billion over the next three years.

Between April 2025 and January 2026 government raised R347.1 billion, representing 89.5 per cent of the 2025/26 issuance. Of this, R11.8 billion was raised through an inaugural sovereign infrastructure and development finance bond linked to projects approved by the Budget Facility for Infrastructure. Fixed-rate bonds accounted for 60.2 per cent of issuance, floating-rate notes 25.6 per cent and inflation-linked bonds 12.6 per cent, with the rest in retail savings bonds.



The yield curve – the relationship between bonds of different maturities – has strengthened by an average of 2.4 percentage points since the 2025 Budget, reflecting an improvement in investor confidence.

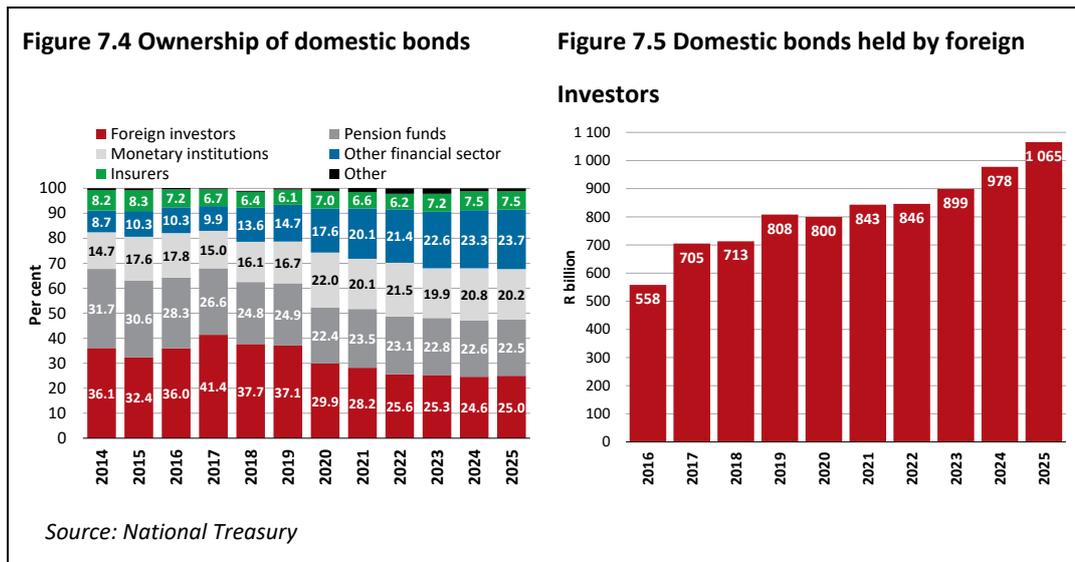
Figure 7.3 Interest rates on domestic government bonds



Source: National Treasury

### Investor trends in the domestic bond portfolio

Maintaining a broad and diverse investor base strengthens government’s ability to meet financing needs. Approximately 89.7 per cent of government debt is issued in the domestic market, reducing exposure to global market volatility. Figure 7.4 shows the holders of domestic bonds by category. Foreign investors continue to increase their holdings of government’s domestic bonds (Figure 7.5).



Source: National Treasury

## Foreign-currency borrowing

Government borrows in foreign currency to meet its external commitments. In 2025/26, this accounted for 20.6 per cent of total borrowing, and is projected to average 17.4 per cent over the medium term. During the year, government issued a US\$3.5 billion dual-tranche bond, comprising 12-year and 30-year maturities that prefunded US\$1.1 billion of the 2026/27 foreign-currency funding requirement of US\$4.3 billion outlined in the 2025 Budget. In addition, US\$2.6 billion was raised from multilateral development banks, providing stable, longer-tenor financing on favourable terms.



**Table 7.4 Foreign-currency commitments and financing**

US\$ million	2024/25	2025/26	2026/27	2027/28	2028/29
	Outcome	Revised	Medium-term estimates		
<b>Opening balance</b>	<b>5 393</b>	<b>4 843</b>	<b>5 481</b>	<b>3 620</b>	<b>4 157</b>
<b>Commitments</b>	<b>-4 415</b>	<b>-5 765</b>	<b>-5 069</b>	<b>-4 468</b>	<b>-5 952</b>
Redemptions	-2 039	-3 212	-2 156	-1 393	-2 680
Interest	-1 743	-1 867	-2 240	-2 390	-2 617
Departments	-633	-686	-674	-684	-655
<b>Financing</b>	<b>3 866</b>	<b>6 402</b>	<b>3 208</b>	<b>5 005</b>	<b>5 004</b>
Loans	3 716	6 397	3 204	5 000	5 000
Purchases	–	–	–	–	–
Interest	150	5	5	5	4
<b>Closing balance</b>	<b>4 843</b>	<b>5 481</b>	<b>3 620</b>	<b>4 157</b>	<b>3 209</b>

Source: National Treasury

Over the medium term, government will raise about US\$13.2 billion from multilateral development banks, international financial institutions and international capital markets to meet its foreign-exchange commitments.

Table 7.5 Borrowing from international finance institutions

Institutions	Disbursement date	Interest rate	Terms (years)	Grace period <sup>1</sup> (years)	Amount (billion)
New Development Bank*	20 July 2020	6-month SOFR <sup>2</sup> plus 1.64%	30	5	US\$1.0
International Monetary Fund	29 July 2020	1.0660%	5	3.25	US\$4.3
African Development Bank	15 October 2020	3-month JIBAR <sup>3</sup> plus 0.8%	20	5	R5.00
New Development Bank*	17 June 2021	6-month SOFR <sup>2</sup> plus 1.64%	30	5	US\$1.0
New Development Bank*	15 November 2021	6-month SOFR <sup>2</sup> plus 1.44%	25	4.5	US\$1.0
World Bank	22 March 2022	6-month SOFR <sup>2</sup> plus 0.75%	13	3	US\$0.75
World Bank	22 September 2022	6-month EURIBOR <sup>4</sup> plus 0.67%	13	3	EUR0.45
French Development Bank	22 December 2022	6-month EURIBOR <sup>4</sup> plus 1.29%	20	5	EUR0.3
KfW Development Bank	20 January 2023	6-month EURIBOR <sup>4</sup> plus 0.69%	20	5	EUR0.3
African Development Bank	22 December 2023	Daily SOFR <sup>2</sup> plus 1.22%	12	2	US\$0.3
World Bank	26 January 2024	Fixed at 4.74%	15	5	US\$1.0
KfW Development Bank	09 February 2024	Fixed at 4.4%	15	3	EUR0.5
Government of Canada	22 March 2024	Fixed at 3.5344%	10	–	CAD0.120
French Development Bank <sup>5</sup>	27 March 2025	6-month EURIBOR <sup>4</sup> plus 1.66%	15	2	EUR0.4
World Bank	30 July 2025	6-month SOFR <sup>2</sup> plus 1.49%	16	3	US\$1.5
KfW Development Bank	28 August 2025	Fixed at 4.31%	13	3	EUR0.5
African Development Bank	15 September 2025	Daily SOFR <sup>2</sup> plus 1.22%	16	3	US\$0.475

1. A period after the disbursement where no capital repayments are required

2. SOFR (Secured Overnight Financing Rate)

3. JIBAR (Johannesburg Interbank Average Rate)

4. EURIBOR (Euro Interbank Offered Rate)

5. EUR 200 million disbursed already and the remainder to be disbursed on achievement of linked indicators

\*SOFR replaced the LIBOR (London Interbank Offered Rate) for all the NDB loans

Source: National Treasury

## Cash balances

Government's cash holdings consist of deposits held at commercial banks and the Reserve Bank, which holds accumulated deposits from foreign-loan proceeds.

Table 7.6 Change in cash balances

R million	2024/25	2025/26		2026/27	2027/28	2028/29
	Outcome	Budget	Revised	Medium-term estimates		
<b>Rand currency</b>						
Opening balance	92 320	130 671	130 671	108 800	87 800	50 000
Closing balance	130 671	50 000	108 800	87 800	50 000	50 000
of which:						
Tax and loan accounts	130 671	50 000	108 800	87 800	50 000	50 000
Change in rand cash balance <sup>1</sup> (opening less closing balance)	-38 351	80 671	21 871	21 000	37 800	–
<b>Foreign currency<sup>2</sup></b>						
Opening balance	98 900	94 352	94 352	100 206	67 506	77 864
Closing balance	94 352	82 228	100 206	67 506	77 864	62 464
US\$ equivalent	4 843	4 085	5 481	3 620	4 157	3 209
Change in foreign currency cash balance <sup>1</sup> (opening less closing balance)	4 548	12 124	-5 854	32 700	-10 358	15 400
<b>Total change in cash balances<sup>1</sup></b>	<b>-33 803</b>	<b>92 795</b>	<b>16 017</b>	<b>53 700</b>	<b>27 442</b>	<b>15 400</b>
<b>Total closing cash balance</b>	<b>225 023</b>	<b>132 228</b>	<b>209 006</b>	<b>155 306</b>	<b>127 864</b>	<b>112 464</b>

1. A positive value indicates that cash is used to finance part of the borrowing requirement

2. Rand values at which foreign currency was purchased or borrowed

Source: National Treasury

Closing cash balances for 2025/26 are projected at R209 billion – R76.8 billion higher than the R132.2 billion estimated in the 2025 Budget. The higher cash balances will help to manage cash-flow pressures during the first three months of the next fiscal year and also be used to finance part of the gross borrowing requirement in 2026/27 and 2027/28. Over the medium term, foreign-currency balances are expected to average US\$3.7 billion.

## GOVERNMENT DEBT AND DEBT-SERVICE COSTS

National government debt is expected to stabilise at 78.9 per cent of GDP in 2025/26 – slightly higher than the 77.4 per cent projected in the 2025 Budget – before declining to 76.5 per cent over the medium term.



**Table 7.7 Total national government debt<sup>1</sup>**

End of period R billion	2024/25 Outcome	2025/26 Revised	2026/27	2027/28	2028/29
	Medium-term estimates				
<b>Domestic loans<sup>2</sup></b>	<b>5 091.8</b>	<b>5 490.3</b>	<b>5 701.2</b>	<b>5 934.5</b>	<b>6 187.7</b>
Short-term	550.6	590.1	617.0	662.2	698.1
Long-term	4 541.2	4 900.2	5 084.2	5 272.3	5 489.6
<i>Fixed-rate</i>	3 279.8	3 438.8	3 486.6	3 647.0	3 854.6
<i>Inflation-linked</i>	1 078.0	1 180.0	1 280.6	1 334.1	1 320.0
<i>Floating-rate notes</i>	183.5	281.3	317.0	291.2	315.0
<b>Foreign loans<sup>2</sup></b>	<b>601.9</b>	<b>628.4</b>	<b>625.2</b>	<b>701.9</b>	<b>756.3</b>
<b>Gross loan debt</b>	<b>5 693.7</b>	<b>6 118.7</b>	<b>6 326.4</b>	<b>6 636.4</b>	<b>6 944.1</b>
Less: National Revenue Fund bank balances <sup>2</sup>	-225.0	-204.0	-148.5	-121.3	-106.1
<b>Net loan debt</b>	<b>5 468.7</b>	<b>5 914.6</b>	<b>6 177.9</b>	<b>6 515.1</b>	<b>6 838.0</b>
<i>As percentage of GDP:</i>					
<i>Gross loan debt</i>	77.0	78.9	77.3	77.0	76.5
<i>Net loan debt</i>	73.9	76.3	75.4	75.6	75.3

1. A longer time series is given in Table 10 of the statistical annexure at the back of the Budget Review

2. Estimates include revaluation based on National Treasury's projections of inflation and exchange rates

Source: National Treasury

The higher debt peak reflects weaker nominal GDP growth and a decision to take advantage of strong investor demand in domestic and global markets by increasing issuance in 2025/26. This approach allows government to manage cash-flow pressures in the first three months of 2026/27 and finance a portion of the gross borrowing requirement in 2026/27 and 2027/28.

**Table 7.8 Analysis of annual increase in gross loan debt**

R million	2024/25 Outcome	2025/26 Revised	2026/27	2027/28	2028/29
	Medium-term estimates				
Budget deficit	334 856	348 910	301 250	284 529	260 469
Eskom debt-relief arrangement	64 000	80 000	–	–	10 000
GFECRA settlement	-100 000	-25 000	-56 000	–	–
Discount on loan transactions	67 407	38 476	128	0	–
Revaluation of inflation-linked bonds <sup>1</sup>	27 420	35 446	39 992	41 518	41 858
Revaluation of foreign-currency debt <sup>1</sup>	-16 503	-27 498	-20 771	14 882	13 869
Change in cash and other balances <sup>2</sup>	57 134	-25 375	-56 868	-30 912	-18 534
<b>Total</b>	<b>434 313</b>	<b>424 959</b>	<b>207 731</b>	<b>310 017</b>	<b>307 662</b>

1. Revaluation based on National Treasury projections of inflation and exchange rates

2. A negative value indicates that cash is used to finance part of the borrowing requirement

Source: National Treasury

Foreign-currency debt will average R694.5 billion or 10.5 per cent of gross debt over the medium term, well within the 15 per cent risk benchmark. This exposure is partly offset by foreign-currency deposits of US\$5.5 billion in 2025/26.

In 2025/26, the value of the debt stock increased by R425 billion. The main budget deficit accounts for 82.1 per cent of this increase. Debt-service costs are determined by the debt stock and new borrowing as well as interest, inflation and exchange rates. In 2025/26, debt-service costs are revised downwards by R5.7 billion compared with the 2025 Budget estimate, mainly due to the lower budget deficit and improved macroeconomic variables.

**Table 7.9 National government debt-service costs**

R million	2024/25	2025/26		2026/27	2027/28	2028/29
	Outcome	Budget	Revised	Medium-term estimates		
Domestic loans	354 019	386 425	387 951	394 723	410 284	423 411
Short-term	43 886	45 708	42 043	37 949	38 822	40 010
Long-term	310 133	340 716	345 908	356 775	371 462	383 401
Foreign loans	31 825	39 921	32 659	37 725	41 165	45 910
<b>Total</b>	<b>385 844</b>	<b>426 346</b>	<b>420 610</b>	<b>432 449</b>	<b>451 450</b>	<b>469 321</b>
<i>As percentage of:</i>						
GDP	5.2	5.4	5.4	5.3	5.2	5.2
Expenditure	18.0	18.5	18.1	18.1	18.2	18.2
Revenue	21.3	21.9	21.3	20.8	20.6	20.2

Source: National Treasury

Over the medium term, debt-service costs are projected to average 5.2 per cent of GDP. As a share of revenue, they will peak in 2025/26. Growth in debt-service costs is projected at 3.7 per cent annually over the medium term, down from an average of 7.4 per cent in the 2025 Budget, reflecting lower borrowing costs, improved market confidence and a diversified financing strategy. In addition, the effective interest rate on the debt portfolio – total debt-service costs divided by the gross debt outstanding – is estimated to be 7.1 per cent over the medium term, 30 basis points lower than in the 2025 Budget.

## CONTINGENT LIABILITIES

Contingent liabilities include guarantees to state-owned companies, independent power producers and public-private partnerships, along with provisions for multilateral institutions and other fiscal obligations. The guarantee *amount* reflects only the capital value of the loan. *Exposure* consists of the sum of the outstanding value of a loan, accrued interest and adjustments to inflation-linked bonds. As a result, exposure may exceed the approved guarantee amount.

The total government guarantee amount is expected to increase from R513.1 billion as at 31 March 2025 to R661 billion as at 31 March 2026, while the exposure amount is projected to rise by R10.3 billion to R453.6 billion over the same period. The increase in the total guarantee amount is mainly due to additional guarantees of R145.8 billion issued to Transnet during the financial year. Of this amount, R94.8 billion was earmarked to cover debt redemptions and mitigate credit-rating downgrade risks; the remaining R51 billion was allocated for funding and liquidity management for 2025/26 and 2026/27.

The increase in exposure reflects a net drawdown of R34.2 billion on the Transnet guarantee. This was partially offset by net repayments by Eskom and the South African National Roads Agency Limited (SANRAL) of R18.8 billion and R4.6 billion, respectively, as well as repayments of R4.7 billion under the South African Reserve Bank Loan Guarantee Scheme. The Development Bank of Southern Africa and the Trans-Caledon Tunnel Authority also made additional drawdowns, increasing their respective exposure amounts.

Eskom constitutes 73.6 per cent of total guarantee exposure, and Transnet 17.3 per cent. The volume of exposure to Eskom has declined as government's debt-relief arrangement has been implemented. However, given the weight of Eskom and Transnet in the guarantee portfolio, their guarantees remain a significant fiscal risk.

As has been the case for several years, Cabinet members who request guarantees for state-owned companies are required to report those requests to Parliament on a quarterly basis once they have been considered by the Minister of Finance.

**Table 7.10 Government guarantee exposure<sup>1</sup>**

R billion	2023/24		2024/25		2025/26	
	Guarantee	Exposure <sup>2</sup>	Guarantee	Exposure <sup>2</sup>	Guarantee	Exposure <sup>2</sup>
<b>Public institutions</b>	<b>499.5</b>	<b>433.6</b>	<b>513.1</b>	<b>443.3</b>	<b>661.0</b>	<b>453.6</b>
<i>of which:</i>						
<i>Eskom</i>	326.6	356.9	326.6	352.6	328.0	333.8
<i>SANRAL</i>	37.9	28.9	37.9	23.4	37.9	18.8
<i>Trans-Caledon Tunnel Authority</i>	35.5	7.9	60.9	10.4	60.9	14.6
<i>South African Airways</i>	4.7	0.1	4.7	0.3	4.7	–
<i>Land and Agricultural Development Bank of South Africa</i>	8.0	–	–	–	–	–
<i>Development Bank of Southern Africa</i>	10.2	6.1	10.1	6.6	10.2	7.0
<i>Transnet</i>	50.5	25.2	50.5	44.4	196.3	78.6
<i>Denel</i>	3.4	–	–	–	–	–
<i>Industrial Development Corporation</i>	0.6	0.2	0.6	0.1	0.6	0.1
<i>South African Reserve Bank<sup>3</sup></i>	21.1	7.8	21.1	4.9	21.1	0.2
<b>Independent power producers</b>	<b>277.9</b>	<b>207.1</b>	<b>277.9</b>	<b>229.5</b>	<b>303.1</b>	<b>244.3</b>
<b>Public-private partnerships<sup>4</sup></b>	<b>6.8</b>	<b>6.8</b>	<b>4.9</b>	<b>4.9</b>	<b>3.3</b>	<b>3.3</b>

1. A full list of guarantees appears in Table 11 of the statistical annexure in the Budget Review

2. Total amount of borrowing, adjustments to inflation-linked bonds as a result of inflation rate changes and accrued interest

3. In April 2022, the Minister approved the reduction of the loan guarantee scheme to R20 billion

4. These amounts only include national and provincial PPP agreements

Source: National Treasury

## Other guarantees and contingent liabilities

As of 31 March 2026, government's commitment to the Renewable Energy Independent Power Producer Procurement Programme is expected to be R303.1 billion. The value of signed projects, which represents government's exposure, is expected to be R244.3 billion by 31 March 2026, declining to R189.7 billion by 2028/29. Public-private partnership exposure arises mainly from early termination of contracts and is expected to decline to R3.3 billion in 2025/26, narrowing to R1.2 billion in 2028/29.

Table 7.11 shows government's exposure to multilateral institutions and other implicit contingent liabilities. South Africa subscribes to shares in several multilaterals but does not pay the full amount. Its exposure represents the portion that may have to be paid in the unlikely event these institutions run into financial difficulty.

**Table 7.11 Provision for multilateral institutions and other contingent liabilities**

R billion	2023/24	2024/25	2025/26
<b>Multilateral institutions</b>	<b>593.9</b>	<b>536.3</b>	<b>487.0</b>
<i>of which:</i>			
<i>New Development Bank</i>	152.3	147.0	139.0
<i>African Development Bank</i>	160.3	154.7	146.2
<i>International Monetary Fund</i>	236.7	191.7	161.1
<i>World Bank Group</i>	44.6	43.0	40.7
<b>Other contingent liabilities</b>	<b>423.9</b>	<b>454.3</b>	<b>443.3</b>
<i>of which:</i>			
<i>Export Credit Insurance Corporation of South Africa</i>	1.3	–	–
<i>Post-retirement medical assistance</i>	69.9	85.5	85.5
<i>Road Accident Fund</i>	352.7	368.9	357.8

Source: National Treasury

## Net valuation profits and losses



The GFECRA reflects profits and losses on the gold and foreign exchange reserves held by the Reserve Bank. In the 2025 *Medium Term Budget Policy Statement*, government announced that the GFECRA buffer for 2025 has been set at R260 billion, up from R250 billion in 2024. As of 31 March 2025, the GFECRA balance amounted to R364 billion. After subtracting the R50 billion earmarked in last year's agreement for distribution over 2025/26 and 2026/27 (R25 billion in each year), a balance of R54 billion remains. Of this, R31 billion will be transferred to the National Treasury, which will apply the funds to lower the gross borrowing requirement in 2026/27. The other R23 billion will be transferred to the Reserve Bank, which will allocate this to its contingency reserve to cover the liquidity management costs of the distribution. The GFECRA balance is estimated to reach approximately R326.8 billion by 31 March 2026 after deducting the R25 billion disbursed to government in 2025/26.

## CONCLUSION



The funding environment strengthened in 2025/26 as easing monetary conditions, improved investor confidence and a stronger sovereign risk profile lowered borrowing costs. Improved revenue outcomes and reduced redemptions narrowed the budget deficit and gross borrowing requirement, easing financing pressures. As a result, government debt is expected to stabilise at 78.9 per cent of GDP, and to decline over the medium term.

# 8

2026 BUDGET REVIEW

# FINANCIAL POSITION OF PUBLIC-SECTOR INSTITUTIONS



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



## FINANCIAL POSITION OF PUBLIC-SECTOR INSTITUTIONS

### In brief

- Many state-owned companies continue to implement turnaround plans to stabilise their financial and operational positions, with varying levels of progress and reliance on government.
- Eskom posted its first profit since 2016/17, while Transnet improved performance but continued to fall short of its operational and financial targets.
- Development finance institutions showed a mixed performance but did not require additional government assistance.
- Apart from the Road Accident Fund, which continues to be deep in deficit, social security funds and the Government Employees Pension Fund remain sustainable over the medium term.

## OVERVIEW

This chapter reviews the financial performance associated with major state-owned companies, development finance institutions and social security funds. It highlights persistent challenges and progress in the implementation of restructuring plans aimed at restoring sustainability.

## STATE-OWNED COMPANIES

Major state-owned companies are mandated to operate as sustainable, profit-generating businesses that can borrow based on the strength of their balance sheets. However, they have collectively made losses of R172 billion for the past five years, with many relying on the public purse for financial support. Turning these companies around is central to improving South Africa's economic performance. At Eskom this requires strengthening energy security and reducing fiscal pressure on the state, while Transnet needs to stabilise the performance of rail and ports and expand export capacity.

In the most recent financial year, the finances of major state-owned companies improved, with return on equity shifting from -15.6 per cent in 2023/24 to 3.7 per cent in 2024/25. Profitability was supported by efforts to improve efficiency, strengthen revenue generation and optimise balance sheets. However, this relied heavily on government support, particularly at Eskom and Transnet.



**Table 8.1 Combined balance sheets of state-owned companies<sup>1</sup>**

R billion/per cent growth	2019/20	2020/21	2021/22	2022/23	2023/24 <sup>2</sup>	2024/25 <sup>3</sup>
Total assets	1 313.4	1 251.9	1 283.4	1 314.7	1 348.9	1 457.5
	3.5%	-4.7%	2.5%	2.4%	2.6%	8.0%
Total liabilities	960.7	871.7	864.4	892.7	950.2	924.1
	3.6%	-9.3%	-0.8%	3.3%	6.4%	-2.7%
Net asset value	352.7	380.2	419.0	422.0	398.8	533.4
	3.1%	7.8%	10.2%	0.7%	-5.5%	33.8%
Return on equity (average)	-9.9%	-13.1%	-2.7%	-7.5%	-15.6%	3.7%

1. State-owned companies listed in schedule 2 of the PFMA, excluding development finance institutions

2. Numbers may differ from earlier publications due to restatement or error

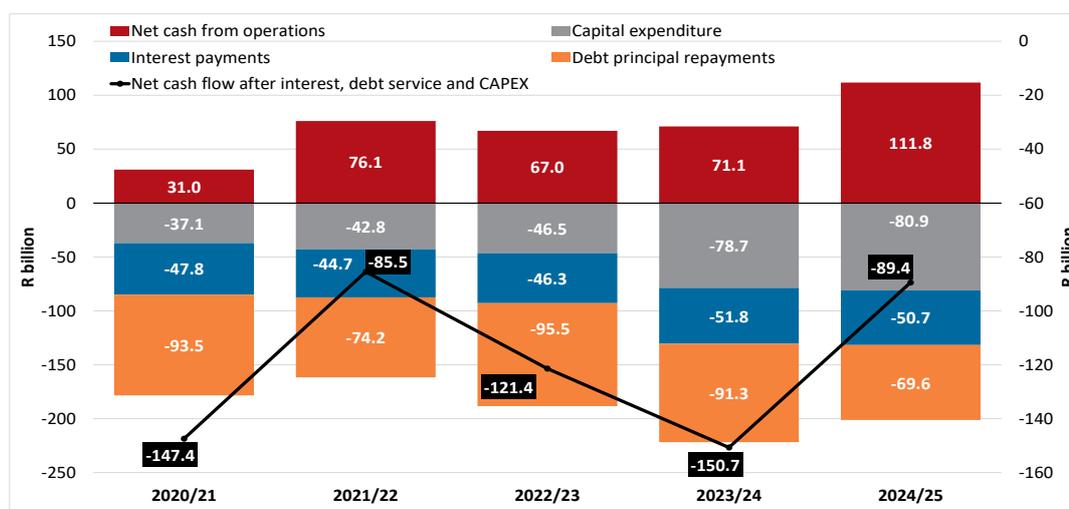
3. Due to reporting delays, unaudited financial results or quarterly reports were used

Source: National Treasury

Total assets of state-owned companies grew by 8 per cent between 2023/24 and 2024/25. This was mainly due to higher capital spending, although Eskom’s assets were also boosted by its improved cash position. Total liabilities decreased by 2.7 per cent from 2023/24 to 2024/25, primarily due to the repayment of maturing debt obligations.

While net cash generated from operations has improved somewhat (Figure 8.1), state-owned entities still do not generate adequate cash to meet their financial commitments and capital needs. Capital expenditure improved only marginally in 2024/25.

Figure 8.1 Cash flows



Source: National Treasury

### Denel

Denel faces stagnant revenues, a cost base that requires further restructuring and constrained funding. The Auditor-General did not express an opinion on its financials, due to insufficient audit evidence.

Denel continues to implement its turnaround plan, which aims to restore operational capacity and financial sustainability. To date, progress reported under the stabilisation phase of the plan includes the appointment of a permanent executive team, production ramp-up at the aeronautics subsidiary and securing of new contracts to improve the revenue outlook. Of the R3.4 billion that government allocated to Denel to implement the turnaround plan in 2022, R156 million remains ring-fenced for strategic repairs and maintenance, working capital and capital projects.

### Eskom

Eskom returned to profitability in 2024/25 after nearly a decade of sustained losses. The utility improved its generation performance in line with its generation recovery plan. Load-shedding days declined from 325 days in the prior year to 32 days, reflecting improvements in system reliability and underlying operational performance. Municipal debt remains a critical risk to Eskom’s financial sustainability. Total municipal arrears

escalated to R94.6 billion from R74.4 billion from the prior financial year, driven by persistently low payment levels. Eskom is working with government on alternative interventions, including Distribution Agency Agreements and prepaid supply models, to address this, as discussed in Chapter 6.

Net profit for the year was R16 billion. Revenue increased by R45.1 billion to R340.9 billion in 2024/25, driven mainly by a 12.7 per cent standard tariff adjustment and a 3.5 per cent increase in sales volumes to 189.7 TWh. The net debt-to-equity ratio – an indicator of financial risk showing how much of the company capital structure is funded by debt relative to equity – improved from 1.99 in 2023/24 to 1.45 in 2024/25, while debt decreased from R412.2 billion to R372.7 billion. While liquidity ratios strengthened, indicating an improved ability for Eskom to honour short-term financial obligations when they fall due, liquidity pressures require ongoing monitoring.

The Eskom debt-relief arrangement now totals R230 billion, down from the initial R254 billion. To date, R140 billion of this has been disbursed. A further R80 billion will be disbursed by March 2026 and R10 billion in 2028/29. As detailed in the 2025 *Budget Review*, government revised the R70 billion debt takeover planned for the final year of the arrangement to R50 billion in advances.

### Transnet

Transnet's financial position remains fragile, characterised by rising debt levels and insufficient cash. The company remains unprofitable, although it narrowed its net loss from R7.3 billion in 2023/24 to R1.9 billion in 2024/25.

Transnet's core focus in the 18 months to March 2025 was to implement its recovery plan. Priorities included stabilising operations through improved infrastructure maintenance, accelerating the return to service of locomotives and strengthening security. However, progress has been slow, and Transnet has consistently missed operational and financial targets. Ageing infrastructure, equipment failures and security incidents continue to suppress volumes and weaken revenue potential. Building on the recovery plan, in April 2025 Transnet adopted a new strategy to address the operational, financial and structural challenges that have constrained performance and adapt to the evolving logistics and regulatory environment.

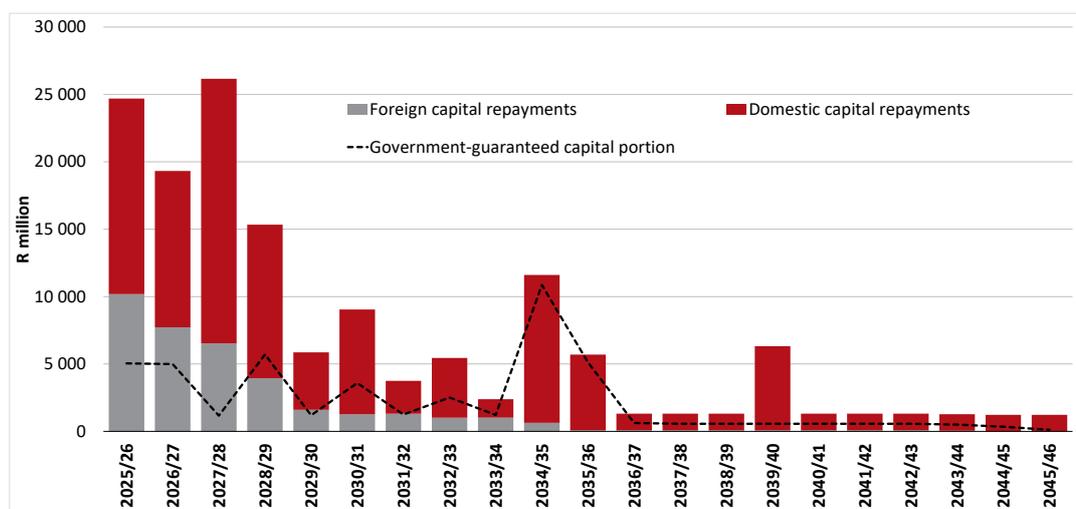
Despite improvements in its operating performance, Transnet remains reliant on government support. Government extended additional guarantees totalling R145.8 billion in 2025/26 to enable Transnet to redeem maturing loans and support critical capital investment, bringing the total guarantee facility to R196.3 billion. To date, through the Budget Facility for Infrastructure, Transnet has received R1.3 billion for the Cape Town Container Terminal Expansion (Phase 2B) Project. As outlined in Annexure D, further allocations amounting to R11.2 billion are proposed to support other capital projects being undertaken by the company.



## DEBT OBLIGATIONS

Total capital repayments of R24.7 billion are expected in 2025/26 on the debt of state-owned companies. Government-guaranteed debt constitutes R5 billion of the maturing debt, of which the South African National Roads Agency Limited (SANRAL) accounts for R4 billion. The Development Bank of Southern Africa (DBSA), the Industrial Development Corporation (IDC) and SANRAL account for 86.6 per cent or R21.4 billion of the expected maturities for 2025/26. Over the medium term, aggregate debt maturities are expected to total R60.8 billion, of which R11.9 billion (19.6 per cent) is government guaranteed.

Figure 8.2 Debt maturity profile of selected state-owned companies\*



\*Eskom, Transnet, South African Airways and Denel are excluded because their reports are outstanding  
Source: National Treasury



Major state-owned companies planned to borrow R60.6 billion in 2024/25. However, large borrowers – including Eskom, SANRAL, South African Airways and Transnet – did not report their borrowing outcomes. Actual borrowing for state-owned companies that did report totalled R6.2 billion in 2024/25. All of this was raised from domestic sources, with short-term loans making up 33.3 per cent of the total.

Borrowing in 2025/26 is expected to amount to R47 billion. Transnet and Eskom are expected to be the largest borrowers over the medium term.

## DEVELOPMENT FINANCE INSTITUTIONS

Development finance institutions are mandated to promote economic growth, job creation, social development and environmental sustainability by financing projects that are often underserved by traditional financial institutions, such as expanding social infrastructure.

Major development finance institutions reported mixed results for the financial year, with the DBSA showing steady performance while the IDC reduced its net profits, and the Land Bank continued to work towards restoring its loan books to health.

**Table 8.2 Financial position of selected development finance institutions**

R billion	2019/20	2020/21	2021/22	2022/23 <sup>1</sup>	2023/24	2024/25
<b>IDC</b>						
<b>Total assets</b>	<b>109.7</b>	<b>135.8</b>	<b>164.0</b>	<b>159.3</b>	<b>154.6</b>	<b>134.5</b>
Loan book	29.1	25.5	24.3	38.9	41.3	43.5
Equity and other investments	80.6	110.3	139.7	120.4	113.3	91.0
<b>Total liabilities</b>	<b>49.4</b>	<b>53.3</b>	<b>52.9</b>	<b>50.1</b>	<b>46.3</b>	<b>39.1</b>
<b>Net asset value</b>	<b>60.3</b>	<b>82.5</b>	<b>111.1</b>	<b>109.2</b>	<b>108.3</b>	<b>95.4</b>
<b>DBSA</b>						
<b>Total assets</b>	<b>100.5</b>	<b>100.0</b>	<b>100.0</b>	<b>108.6</b>	<b>118.3</b>	<b>121.0</b>
Loan book	86.2	82.7	84.2	93.7	101.4	99.6
Equity and other investments	14.3	17.3	15.8	14.9	16.9	21.4
<b>Total liabilities</b>	<b>62.9</b>	<b>60.9</b>	<b>57.1</b>	<b>60.9</b>	<b>66.3</b>	<b>63.0</b>
<b>Net asset value</b>	<b>37.6</b>	<b>39.1</b>	<b>42.9</b>	<b>47.6</b>	<b>52.0</b>	<b>58.0</b>
<b>Land Bank</b>						
<b>Total assets</b>	<b>44.1</b>	<b>40.0</b>	<b>33.4</b>	<b>35.7</b>	<b>31.6</b>	<b>24.2</b>
Loan book	39.5	30.7	20.5	14.8	13.3	11.6
Equity and other investments	4.6	9.3	12.9	20.9	18.3	12.6
<b>Total liabilities</b>	<b>43.8</b>	<b>37.6</b>	<b>29.8</b>	<b>30.7</b>	<b>25.9</b>	<b>12.5</b>
<b>Net asset value</b>	<b>0.3</b>	<b>2.4</b>	<b>3.6</b>	<b>5.0</b>	<b>5.7</b>	<b>11.7</b>

1. Numbers may differ from earlier publications due to restatement or error

Source: National Treasury

The combined net asset value of major development financial institutions declined from R166 billion in 2023/24 to R165.2 billion in 2024/25, primarily because of a reduction in the asset base of the IDC and the Land Bank. The impact was partially offset by a decrease in liabilities from the settlement of debt obligations.

## DEVELOPMENT FINANCE BORROWING REQUIREMENT

The DBSA, the IDC and the Land Bank borrowed mainly to finance their lending activities in line with their respective mandates. During 2024/25, actual borrowing totalled R19 billion. Borrowing for 2025/26 is projected at R11.2 billion.

**Table 8.3 Borrowing requirement for development finance institutions<sup>1</sup>**

R billion	2023/24		2024/25		2025/26	2026/27	2027/28	2028/29 <sup>2</sup>
	Budget	Outcome	Budget	Outcome	Revised	Medium-term estimates <sup>3</sup>		
<b>Domestic loans (gross)</b>	<b>17.6</b>	<b>9.7</b>	<b>15.4</b>	<b>9.6</b>	<b>5.9</b>	<b>9.7</b>	<b>12.2</b>	–
Short-term	2.5	–	2.2	–	2.3	4.4	5.5	–
Long-term	15.1	9.7	13.2	9.6	3.6	5.3	6.7	–
<b>Foreign loans (gross)</b>	<b>6.9</b>	<b>11.7</b>	<b>8.1</b>	<b>9.4</b>	<b>5.3</b>	<b>7.5</b>	<b>9.6</b>	–
Long-term	6.9	11.7	8.1	9.4	5.3	7.5	9.6	–
<b>Total</b>	<b>24.5</b>	<b>21.4</b>	<b>23.5</b>	<b>19.0</b>	<b>11.2</b>	<b>17.2</b>	<b>21.8</b>	–
Percentage of total:								
Domestic loans	71.8	45.3	65.5	50.4	52.2	56.4	56.1	–
Foreign loans	28.2	54.7	34.5	49.6	47.8	43.6	43.9	–

1. Land Bank, Development Bank of Southern Africa and Industrial Development Corporation

2. IDC, Land Bank and DBSA have not provided medium-term estimates for the 2028/29 financial year

3. Land Bank was excluded due to non-submission of forecasts

Source: National Treasury

## Development Bank of Southern Africa

DBSA realised a net profit of R5.3 billion and sustainable earnings of R5.1 billion in 2024/25, both up 14 per cent on the prior year. Improved performance is attributed to cost-containment efforts, lower interest expense and management of portfolio risk in anticipation of the downward interest rate cycle. At end-March 2025, total assets stood at R121 billion and total liabilities at R63 billion. Debt levels relative to equity remain well below the 250 per cent limit prescribed by the DBSA Act (1997). Disbursements for the year totalled R17.5 billion (2024: R16.9 billion), aiding the building of schools, renewable energy projects, job creation and women's empowerment.

## Industrial Development Corporation

IDC Group profits fell from R7.5 billion in 2023/24 to R329 million in 2024/25, hampered by lower dividend income from investment companies, operational challenges in associate companies and increased impairments from weak commodity prices and distressed business partners. Group assets decreased by 13 per cent to R134.5 billion, primarily due to a loss in value in equity investments. Total liabilities decreased to R39.1 billion. Debt-to-equity ratios remain well below the Group's sustainability guideline of 60 per cent. At end-March 2025, the IDC's development portfolio stood at R93 billion. The IDC is focusing on labour-intensive and trade-exposed sectors. It supported a transformation fund with R4.3 billion and black industrialists with R13.4 billion in 2024/25.

## The Land Bank

The Land Bank reported a net profit of R468.9 million for 2024/25, a significant improvement from the prior year's restated profit of R61.3 million. This was driven mainly by interest earned on the capital injection from government, while interest expenses declined with capital repayments. The non-performing loans ratio marginally increased from 53.1 per cent in 2023/24 to 54.7 per cent in 2024/25 due to a reduction in gross loans. Non-performing loans decreased from R9.2 billion to R8.4 billion. Debt is down from R40.4 billion at the time of the default in April 2020 to R9.9 billion in March 2025.

The Land Bank has grown its development and transformation loans from 7 per cent of total loans in 2016 to 49 per cent in 2025. The Blended Finance Scheme – which combines grants from the Department of Agriculture, Land Reform and Rural Development with loans from the Land Bank to support emerging farmers – has significantly contributed to this growth, with the Land Bank disbursing R1.2 billion under the scheme in 2024/25.

## SOCIAL SECURITY FUNDS

### Overview

Social security funds provide income support and compensation to unemployed individuals or those affected by road and workplace accidents. Over the medium term, these funds are projected to be in deficit overall, mainly due to the widening deficit at the



Road Accident Fund (RAF). They expect revenue of R292.8 billion, primarily from contributions and earmarked allocations. Expenditure is expected to total R312.3 billion, mainly for benefit payments. At the end of 2024/25, the aggregate assets of social security funds stood at R338.6 billion, with the Unemployment Insurance Fund comprising 51.6 per cent of this total. Concurrently, total liabilities were reported at R433.1 billion, of which the RAF accounted for 85.5 per cent, equivalent to R370.3 billion. The *Estimates of National Expenditure* contains comprehensive financial data pertaining to these funds.

### Unemployment Insurance Fund

The Unemployment Insurance Fund provides short-term unemployment insurance to qualifying workers in terms of the Unemployment Insurance Act (2001). The fund's net asset value is forecast to increase from R138.9 billion in 2025/26 to R152 billion in 2028/29, driven by the accumulation of surpluses. Over the medium term, the fund will focus on strengthening the provision of social insurance benefits while improving coverage for vulnerable groups and contributors. Through its labour activation programme, the fund will support 605 000 people to access employment, with up to 70 per cent of participants drawn from former contributors and the remainder from new work seekers.



### The Compensation Fund

The Compensation Fund, which includes the Mines and Works Compensation Fund, provides compensation for disability or death caused by occupational injuries or diseases. The fund administers the Compensation for Occupational Injuries and Diseases Act (1993), which provides compensation to employees injured or who contract diseases in the course of employment, and to nominated beneficiaries of employees who die as a result. Over the medium term, the fund will focus on improving service delivery, supported by an integrated online employer portal that is expected to ensure that 90 per cent of claims are adjudicated within 30 working days. Benefit payments are projected to grow at an annual average of 3.8 per cent, from R7.2 billion in 2025/26 to R8.1 billion in 2028/29. The aggregate net asset value of the Compensation Fund and the Mines and Works Compensation Fund is expected to improve from R85.4 billion in 2025/26 to R98.1 billion in 2028/29, underpinned by the accumulation of surpluses.



### Road Accident Fund

The RAF compensates road users for losses or damages resulting from motor vehicle accidents, funded through the RAF levy. Long-term provisions are expected to rise from R370.3 billion in 2024/25 to R387.4 billion in 2025/26, and R426.2 billion by 2028/29, accounting for a large share of total liabilities and placing sustained upward pressure on expenditure. Spending is expected to increase at an average annual rate of 5.6 per cent, from R42.3 billion in 2025/26 to R49.8 billion in 2028/29. The lower average spending growth reflects revised expenditure assumptions, primarily due to lower-than-expected contractor costs associated with the Pretoria office relocation, implementation delays and a smaller expansion of the office footprint.



**Table 8.4 Financial position of social security funds**

R billion	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Outcome			Estimate	Medium-term estimates		
<b>Unemployment Insurance Fund</b>							
Total assets	136.2	151.3	174.6	160.8	165.0	169.5	177.1
Total liabilities	21.6	20.8	21.1	21.9	22.9	24.0	25.0
Net asset value	114.6	130.5	153.6	138.9	142.2	145.5	152.0
<b>Compensation Fund<sup>1</sup></b>							
Total assets	112.2	123.8	145.7	145.9	152.9	160.1	167.3
Total liabilities	42.1	41.6	41.7	60.5	63.3	66.3	69.2
Net asset value	70.2	82.2	104.0	85.4	89.5	93.8	98.1
<b>Road Accident Fund</b>							
Total assets	12.6	17.5	18.3	19.2	19.8	20.4	21.1
Total liabilities	355.5	353.3	370.3	387.4	400.6	413.4	426.2
Net asset value	-342.9	-335.9	-352.0	-368.2	-380.7	-392.9	-405.1

1. Includes Mines and Works Compensation Fund

Source: National Treasury

## Government Employees Pension Fund



The Government Employees Pension Fund (GEPF) remained broadly stable over the past five years. The number of pensioners and spouse beneficiaries increased steadily over this period, and in 2024/25 grew by 2.2 per cent from the previous year. Active membership declined from 1 277 902 to 1 267 539 in 2024/25. Statutory actuarial valuations continue to confirm that the fund is financially sound, with assets exceeding best-estimated liabilities. Benefit payments increased from R142.4 billion to R167.2 billion in 2024/25, mainly due to higher pensionable salaries and the introduction of savings withdrawal benefits. Contribution income grew from R92.2 billion in 2023/24 to R95.6 billion in 2024/25. Although estimated future cash flows declined from R56.7 billion to R37.6 billion at end-March 2025, the fund continues to receive sufficient cash from investment returns and contributions to pay benefits without disposing of investment assets.

**Table 8.5 Selected income and expenditure of GEPF**

R billion	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Revenue</b>										
Employer contributions	38.6	42.5	45.5	48.7	52.1	52.8	53.2	53.3	59.7	61.6
Employee contributions	21.7	23.5	25.1	26.9	28.6	28.8	28.8	29.8	32.5	34.0
Investment income <sup>1</sup>	73.5	73.7	77.3	84.8	88.6	82.1	108.6	107.0	109.0	108.5
<b>Expenditure</b>										
Benefits paid	83.1	88.3	94.9	102.5	110.9	110.6	135.5	137.4	142.4	167.2

1. Dividends on listed equities, interest on bonds and money market instruments and income from unlisted properties and unlisted investments excludes adjustments for value of financial assets

Source: Government Pensions Administration Agency

## CONCLUSION

Despite operational gains, state-owned companies continue to be reliant on government guarantees and support. Development finance institutions showed resilience despite operational challenges. Apart from the RAF, social security funds and the GEPF are expected to remain sustainable over the medium term.

# 2026 BUDGET REVIEW

# ANNEXURES



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



**A**

**2026 BUDGET REVIEW**

**REPORT OF THE  
MINISTER OF FINANCE  
TO PARLIAMENT**



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



## REPORT OF THE MINISTER OF FINANCE TO PARLIAMENT

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### INTRODUCTION

Section 7(4) of the Money Bills and Related Matters Act (2009) requires that the Minister of Finance submit a report to Parliament during the tabling of the Budget that explains how the Division of Revenue Bill and the national budget give effect to recommendations made by Parliament or provides reasons for deviating from these recommendations. The recommendations to which this annexure responds are contained in:

- Budgetary review and recommendation reports submitted by portfolio committees of the National Assembly in terms of section 5 of the act.
- Reports submitted by the finance committees in terms of section 6 of the act on the fiscal framework proposed in the *Medium Term Budget Policy Statement* (MTBPS).
- Reports submitted by the appropriations committees in terms of section 6 of the act on the proposed division of revenue and the conditional grant allocations to provinces and local governments as set out in the MTBPS.

### BUDGETARY REVIEW AND RECOMMENDATION REPORTS

In terms of section 5 of the act, the National Assembly committees must assess the performance of each national department before the budget is introduced and prepare budgetary review and recommendation reports. These reports:

- Must provide an assessment of the department's service delivery performance given available resources.
- Must provide an assessment of the effectiveness and efficiency of the department's use and forward allocation of available resources.
- May include recommendations on the future use of resources.

This annexure provides responses to the recommendations of portfolio committees and finance and appropriations committees, particularly where they relate to the Minister of Finance and the National Treasury.

Several committees recommended allocating additional budget for certain programmes, sub-programmes or other budget items. The scope to fulfil multiple recommendations for additional funding remains limited given the constrained fiscal outlook. Departments, public entities and other institutions are required to reprioritise existing funds for emerging priorities. As part of the Targeted and Responsible Savings (TARS) initiative, all accounting officers must implement measures to minimise inefficiency and waste to improve value for money.

### PORTFOLIO COMMITTEE ON CORRECTIONAL SERVICES

*Transversal system: The Committee noted that the Judicial Inspectorate for Correctional Services (JICS) did not have access to the transversal system to be able to process invoices from service providers in the period under review. The Committee requested the relevant authorities to provide JICS with access to this system to enable it to process its invoices as an independent institution.*

JICS was granted access to the transversal system with effect from 1 May 2025.

## **PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS**

*The Committee has noted that current procurement processes often have a negative impact on South African National Defence Force (SANDF) operational momentum during military operations. For example, procuring tyres and basic provisions for border safeguarding operations often takes weeks or even months, impacting on the SANDF's ability to conduct operations. As part of the development of regulations on procurement, the Committee urges National Treasury to accommodate procurement suited to military operations sanctioned under the Constitution or Defence Act (2002).*

The National Treasury is developing regulations in terms of the Public Procurement Act (2024). The commenting process will provide an opportunity for the Department of Defence (DoD) to raise any procurement matters specific to military operations that may adversely affect the SANDF's operations.

*The Committee remains highly concerned about the state of the SA Air Force's fighter capability. Of further concern is the potential loss of capability of the fighter fleet in the near future should intervention not be forthcoming. The Committee therefore recommends thorough engagement between the SANDF (SA Air Force) and National Treasury to ensure the provision of ring-fenced funding for the maintenance of, at the very least, a minimum viable fighter capability, as advised by the SA Air Force Command Council, over the medium-term.*

The DoD has been allocated additional funding of R1.4 billion over the medium term for the maintenance of the South African Air Force's fighter capability. These allocations are ring-fenced and any proposed changes to the allocated amounts or their intended use will require the National Treasury's approval.

*Flowing from its oversight visit, the Committee recommends that the Minister of Finance and National Treasury, in consultation with the Minister of Defence and Military Veterans, prioritise the allocation of funding to increase SANDF border safeguarding deployments from the current 15 sub-units to the targeted 22 sub-units. The DoD should develop a priority list of safeguarding units so that those most in need can be supported first. This recommendation is made in the context of the reduction in foreign deployment commitments, which provides an opportunity to reallocate human resources towards strengthening national border security. The DoD should therefore fund this from within its existing compensation of employees (CoE) allocation. The Committee therefore urges that funding provisions be made to progressively implement the expansion from 2026/27.*

The DoD has been allocated an additional R1.7 billion over the medium term to enhance border safeguarding. This allocation will prioritise equipment, improving the reach, coverage and overall effectiveness of borderline protection. It will also support enhanced mobility and greater use of technology to strengthen border security. These funds are strictly earmarked for this purpose.

*In addition to the above, National Treasury should consider the continued ringfenced funding of border safeguarding technology (in addition to the funding supplied for vehicle acquisition) as a force multiplier for border safeguarding deployments.*

The National Treasury agrees with the committee's recommendation. Funding for border safeguarding technology will continue to be earmarked as indicated.

### **PORTFOLIO COMMITTEE ON ELECTRICITY AND ENERGY**

*The Minister of Electricity and Energy, together with the Minister of Finance, must table a phased reduction plan to end Eskom's dependence on the fiscus within five years and provide Parliament with a quarterly fiscal dependency tracker detailing progress toward self-sustainability.*

A plan to reduce Eskom's reliance on the fiscus has been under way through the implementation of the Eskom debt-relief arrangement since 2023. Based on current performance, the National Treasury does not foresee the need for additional fiscal intervention in the medium term, subject to continued delivery of the turnaround plan and sustained improvements. The National Treasury, working with the Department of Electricity and Energy, monitors Eskom's performance on a monthly and quarterly basis through the Eskom Quarterly Monitoring Task Team. The Minister of Finance signs off quarterly on Eskom's compliance with the Eskom debt-relief conditions. In addition, the National Treasury reports quarterly on Eskom's performance to the Standing Committee on Appropriations.

### **PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR**

*The Committee recommends that the Department of Employment and Labour (DEL) engage National Treasury to review the Commission for Conciliation, Mediation and Arbitration's (CCMA) funding model to ensure financial sustainability and protect service delivery. Thus, the Committee recommends allocating more financial resources towards the CCMA.*

The National Treasury is committed to engaging with DEL and the CCMA on maintaining fiscal stability and ensuring that existing allocations remain adequate for core service delivery. DEL must work together with the CCMA to explore ways to realise efficiency gains and reprioritisation within the existing CCMA baseline to fund emerging priorities, particularly the remuneration of executives and senior managers, which exceeds that of similar posts in the public service.

*The Committee should engage DEL, Unemployment Insurance Fund (UIF), and National Treasury on a revised, sustainable funding model to provide Productivity SA (PSA) with predictable baseline funding.*

During the 2026 medium-term expenditure framework (MTEF) budget process, the National Treasury recommended that the department conduct a spending review of Productivity SA to identify areas of inefficiency and ineffectiveness; a suitable service delivery model and corporate form; and the most appropriate institutional fit – with DEL or the Department of Trade, Industry and Competition. The National Treasury will continue to engage with the relevant stakeholders on sustainability and addressing the inefficiencies and ineffectiveness identified.

### **PORTFOLIO COMMITTEE ON LAND REFORM AND RURAL DEVELOPMENT**

*The Minister of Finance, in collaboration with the Minister of Land Reform and Rural Development, should prioritise and protect funding for key programmes, including land redistribution (ALHA), tenure reform, and restitution. Additional funding for these programmes will enable the Department and associated public entities to fulfil the constitutional obligations outlined in Section 25 of the*

*Constitution, implement the newly enacted Communal Property Associations (CPA) Amendment Act, and comply with the court orders in the following matters:*

- *Mwelase v Minister of Rural Development and Land Reform (settlement of labour tenant claims)*
- *Lamosa judgement (settlement of pre-1998 land claims before processing the new ones lodged in 2024).*

There are various ways in which government can protect constitutional obligations. The 2026 MTEF technical guidelines emphasise the continued implementation of the TARS initiative. This requires departments to scale down low-priority programmes, eliminate duplication and improve efficiency to redirect resources towards high-impact priorities such as land redistribution, tenure reform and restitution. Nevertheless, during the 2025 Adjusted Estimates of National Expenditure process, the Department of Land Reform and Rural Development's rollover request of R647.5 million was approved to settle an outstanding court order related to restitution claims in KwaZulu-Natal. This adjusted appropriation is expected to accelerate the settlement of outstanding claims.

*National Treasury should consider supporting the Commission on Restitution of Land Rights to achieve institutional autonomy, enhance its financial management and payment systems and streamline budget realignment processes to enable the timely disbursement of funds for restitution settlements.*

The National Treasury notes the recommendation. Appropriated funds are already ring-fenced for each programme, but accounting officers retain discretion to reprioritise within allocations, in line with the Public Finance Management Act (PFMA) (1999). To strengthen financial management and payments, the Office of the Accountant-General is considering an automated system that links the department's processes with the Basic Accounting System. This system is expected to streamline payments and enhance budget realignment.

## **PORTFOLIO COMMITTEE ON POLICE**

*National Treasury, in consultation with the Civilian Secretariat for the Police Service (CSPS), must provide earmarked funding for the automation of a Complaints Management System to enable the efficient tracking, classification, and analysis of service-delivery complaints received from the public and Parliament. The Committee noted that this capacity is essential to ensure that complaints falling outside the revised investigative scope of the IPID are properly captured, monitored, and addressed within the civilian oversight framework.*

The CSPS has been allocated R30.8 million over the 2025 MTEF period primarily to enhance its capacity. It is the department's prerogative to reprioritise funds internally within its baseline to create a case management system. Such a system would enable the department to differentiate between normal police service delivery complaints and complaints against members of the Directorate for Priority Crime Investigation, given that these are often reported to the Independent Police Investigative Directorate (IPID). Funding requirements for the departments will always be considered as part of the annual budget process.

*National Treasury must consider multi-year funding allocations to support the Secretariat's expanding oversight and policy coordination responsibilities under the Integrated crime and violence*

*prevention strategy (ICVPS), ensuring adequate capacity for data collection, stakeholder coordination, and intergovernmental monitoring.*

In the 2025 MTEF, the department was allocated R30.8 million to enhance its capacity, which includes capacity for data collection, stakeholder coordination and intergovernmental monitoring.

*National Treasury, in consultation with the CSPS, must undertake a comprehensive review of the department's budget allocation, with particular attention to the strengthening functions central to civilian oversight of policing. The Committee emphasised that the current funding levels limit the Secretariat's capacity to conduct integrated, evidence-based research, policy development, and oversight, and that the overall allocation must be enhanced to ensure the institutional effectiveness and independence required to fulfil its constitutional mandate.*

The National Treasury has supported the department in receiving additional funding. For example, in the 2025 Budget, additional funding of R30.8 million was provided to the department to enhance its capacity. Moreover, during the 2026 MTEF discussions, as part of the TARS and Programme Assessment Matrix exercises, the IPID and CSPS were identified as departments with similar or overlapping mandates. Areas to leverage economies of scale were identified, which could enhance overall effectiveness.

*In consultation with South African Police Services (SAPS) and the Department of Public Works and Infrastructure (DPWI), establish a ring-fenced capital and maintenance fund for Forensic Science Laboratories and other critical police infrastructure.*

Funding for SAPS' capital works programme is already earmarked at the programme level through the budget process, and the department has discretion to allocate these funds across its capital projects, including forensic laboratories, in line with its priorities. The department can provide a full briefing to the committee on the management of resources appropriated by Parliament.

*The National Treasury must provide targeted infrastructure support to address the rehabilitation of police training academies, living quarters, and other essential operational facilities, in line with the Medium-Term Development Plan (MTDP) priorities on building a capable and professional police service.*

SAPS receives targeted support for its infrastructure programme through project-based budgeting, which requires planning, quarterly reporting and explanations for deviations. The department can provide a briefing to the committee on the management of these resources.

*Support a multi-year forensic modernisation and maintenance plan within SAPS to sustain the renewal of analytical equipment, timely maintenance-contract renewal, and ongoing training of forensic specialists. This plan should form part of the ring-fenced capital programme referenced above.*

Modernising the criminal justice system, including forensic capabilities, is a recognised strategic priority within SAPS and is supported through existing ring-fenced allocations for the implementation of the Integrated Criminal Justice System (ICJS) 7-Point Plan. The renewal of forensic analytical systems, maintenance of specialised equipment and strengthening of technical capacity are embedded within the SAPS ICJS allocation, with a proposed R311.1 million ring-fenced for this purpose in 2026/27. Accordingly, the constraint is not the absence of a dedicated fiscal response or the need for a new forensic-specific funding mechanism but rather ensuring that existing ICJS

resources are appropriately prioritised, sequenced and effectively used. This remains an area that has historically experienced underspending, with funds often reprioritised to other pressures within the department. It is recommended that SAPS leverage existing ring-fenced ICJS allocations to advance forensic modernisation.

*The National Treasury should consider the creation of a conditional grant mechanism for the implementation of the Integrated Crime and Violence Prevention Strategy (ICVPS) to strengthen provincial and municipal safety interventions, in collaboration with the Civilian Secretariat for Police Service (CSPS) and the Department of Cooperative Governance and Traditional Affairs (COGTA).*

The creation of a new conditional grant for the ICVPS is not feasible at this stage. Before considering the creation of such a grant mechanism, it is important to clarify the functional responsibility for delivering these safety interventions. Given that the implementation of the ICVPS cuts across multiple functions and departments, an agency agreement is more appropriate than a grant, allowing subnational governments to implement programmes on behalf of national departments while ensuring accountability and alignment with national priorities. Conditional grants should be used sparingly within the intergovernmental fiscal framework and only when functional responsibilities, management capacity and governance structures are clear, as introducing them prematurely risks inefficiency and higher compliance costs.

*Provide specialist procurement-reform support to SAPS, including advisory assistance to address persistent irregularities, strengthen compliance with the Preferential Procurement Policy Framework Act (PPPFA) and the 2022 Preferential Procurement Regulations, and improve ethical, transparent tender processes.*

The National Treasury provides guidance and oversight through procurement circulars, advisory support and compliance frameworks. However, implementing reforms and ensuring compliance rests with SAPS and its Accounting Officer. The National Treasury's support is intended to complement internal controls, strengthen governance and facilitate adherence to regulations.

*In collaboration with the Office of the Chief Procurement Officer (OCPO), assist SAPS to redesign and professionalise its Supply Chain Management (SCM) structure, enhancing accountability, pre-award vetting, and internal-control capacity.*

The National Treasury, through the OCPO, is already working on a Public SCM Professionalisation project aimed at strengthening procurement capability, governance and accountability across government. This initiative focuses on standardising SCM structures, improving skills and competencies, enhancing pre-award vetting processes and strengthening internal control environments within procuring institutions.

*The National Treasury should support SAPS in implementing cost-effective staffing and resourcing models in specialised areas such as forensic services, cybercrime, and border policing through the review of personnel ceilings, funding formulas, and medium-term compensation frameworks.*

The National Treasury agrees with the recommendation and continues to support SAPS in these areas.

*National Treasury should conduct a comprehensive review of SAPS' budget allocation and expenditure framework. This review must include an audit and financial analysis to determine the*

*quantum of funds lost through irregular, fruitless, and wasteful expenditure, as well as contracts concluded in contravention of procurement prescripts. The Committee further recommends that Treasury, based on these findings, develop corrective measures and cost-recovery strategies, and report the outcomes to Parliament within an agreed timeframe.*

The National Treasury will continue to review the SAPS budget as part of the TARS initiative, which has been institutionalised in the annual budget process. Over 2022/23–2024/25, SAPS incurred R492 million in irregular, fruitless and wasteful expenditure. While the National Treasury may propose corrective measures and cost-recovery strategies under Treasury Instruction No. 4 of 2022/23 and the PFMA Compliance and Reporting Framework, the primary responsibility rests with SAPS' Accounting Officer.

*National Treasury must ensure that the Independent Police Investigative Directorate (IPID) is provided with adequate funding to sustain core investigative capacity, including forensic support, quality assurance, and digital case-tracking tools, to improve investigation turnaround times and reporting accuracy.*

The 2025 MTEF budget process allocated an additional R126.3 million for the capacitation of the department. In line with the budget process, funding proposals for capacity enhancements are considered within the broader fiscal framework and in consultation with the relevant department.

*National Treasury should, in consultation with the IPID, provide targeted funding for backlog reduction initiatives, including the digitisation of case files and integration of IPID's case-management systems with those of SAPS and the NPA.*

The 2025 MTEF budget process allocated an additional R126.3 million to the directorate to improve its investigative capacity and operational efficiency. Regarding funding for digitising case files and integrating with SAPS and the National Prosecuting Authority (NPA), it should be noted that the justice, crime prevention and security cluster has a dedicated budget for modernising the criminal justice system hosted by the Department of Justice and Constitutional Development. Collaboration is a key focus area given that the IT systems must be integrated.

*The Committee further recommends that the National Treasury review and, where appropriate, adjust IPID's baseline allocation to reflect its evolving mandate, ensuring that funds are redirected toward serious cases and institutional capacity-building.*

The National Treasury remains committed to supporting effective law enforcement oversight and acknowledges the operational pressures faced by the IPID. It is for this reason that the 2025 MTEF allocated an additional R126.3 million to the IPID to increase personnel and the directorate's overall investigative capacity.

## **PORTFOLIO COMMITTEE ON PLANNING, MONITORING AND EVALUATION**

*The National Treasury should increase financial and human resources for the National Planning Commission (NPC) to enable it to fulfil its mandate effectively. The NPC plays a critical role in steering long-term, evidence-based planning, providing strategic foresight, and ensuring policy coherence across government functions.*

The annual budget process affords departments an opportunity to submit proposals for the National Treasury's processing and the consideration of various internal and external budget committees, including Cabinet.

### **PORTFOLIO COMMITTEE ON SPORT, ARTS AND CULTURE**

*The Minister of Finance, through the National Treasury, should engage the department on the implementation of the Video Assistance Referee (VAR) project to ensure that it is clearly defined with measurable objectives and aligned to the Annual Performance Plan (APP) and Medium-Term Expenditure Framework (MTEF) priorities. The Committee further recommends that the National Treasury assess if the VAR project has a properly developed business case, detailed costing, and performance indicators, as required by the PFMA and associated Treasury Regulations. National Treasury should provide oversight, guidance, and corrective direction if and where needed.*

The views of the committee are noted. The cost of video assistance refereeing should be treated and covered the same way across all sporting codes.

*The Committee notes that the funds appropriated to the department are not proportionate to the sector's contribution to Gross Domestic Product (GDP). The Committee requests that the Minister of Finance, through the National Treasury, together with Statistics South Africa and the department, appear before the Committee at a date to be determined to address this matter.*

The comment is noted. Appropriations are made for public goods and services on constitutional and legal requirements, governmental priorities and available fiscal resources.

### **PORTFOLIO COMMITTEE ON TOURISM**

*The committee recommends that the Minister of Finance appropriates and ring-fences funding for the recapitalisation of the Tourism Equity Fund, on the condition that the Minister of Tourism presents, within 60 days, a comprehensive reform plan for the fund. This plan must include the appointment of an independent implementing agent, a streamlined and transparent application process, and a results-based framework with quarterly reporting to this Committee. Without these fundamental governance reforms, any additional funding will be wasted.*

The National Treasury notes the recommendation for a comprehensive reform plan for the Tourism Equity Fund. The fund has underspent its resources. It has faced significant challenges in disbursing the R540 million allocated in 2020/21, with only R125 million disbursed to date, according to the Small Enterprise Development and Finance Agency.

*Notwithstanding the fiscal constraints in the country, it is recommended that the Minister of Finance considers increasing the budget appropriated to the Vote 38: Tourism in order to implement more tourism development and marketing initiatives that contribute to more labour-intensive job opportunities and increase contribution of the sector into the Gross Domestic Product of the country.*

The recommendation is noted. The Department of Tourism and South African Tourism have historically underspent and surrendered significant unspent funds. For example, South African Tourism returned R229.1 million to the National Revenue Fund in 2023/24.

*The Committee directs the National Treasury to develop a standardised return on investment framework for all departmental international travel. No funding for such missions should be approved without a pre-trip cost-benefit analysis and clearly defined, measurable outcomes against which success will be judged.*

On 21 June 2024, the National Treasury issued Treasury Instruction No. 1 of 2024/2025 on revised cost-containment measures and the National Travel Guideline. These restricted international travel to essential official business and require clear justification of benefits and financial implications. Beyond this, in terms of the PFMA, travel policies and approvals are the responsibility of executive authorities. The National Treasury supports the principle of pre-trip cost-benefit analysis and measurable outcomes. The development of a standardised return on investment framework would require consultation with relevant stakeholders to ensure alignment with existing governance frameworks.

*The Minister of Finance, in conjunction with the Minister of Tourism, should commission a feasibility study to restructure SA Tourism into a public-private partnership to inject private sector expertise, governance, and funding (leveraging the withheld TOMSA levies) into the national marketing effort, insulating it from political instability and improving its effectiveness.*

Institutional configuration decisions for South African Tourism rest with the Minister and Department of Tourism. The National Treasury will advise the minister and department of the views of the committee. The National Treasury further agrees that private-sector participation has the potential to benefit the institutional arrangement, as well as options to diversify funding, including the transparent and compliant use of TOMSA levies.

*The Committee mandates that a portion of the destination development budget be directly transferred to provinces and metros that demonstrate proven project management capacity, bypassing ineffective national implementing agents.*

The National Treasury notes the recommendation and will advise the Department of Tourism accordingly. In the meantime, it should be noted that any proposed changes to the funding flow must be formally motivated by the department through the intergovernmental budget process and considered under the division of revenue framework to ensure compliance with fiscal governance principles and accountability requirements.

*Explore matched funding models where government grants are paired with private sector investment for tourism infrastructure, ensuring market relevance and financial discipline.*

This recommendation should be directed to the Department of Tourism, which is best placed to advise the committee on feasibility and implementation.

## **PORTFOLIO COMMITTEE ON TRANSPORT**

*The Committee recommends that the Minister of Finance, through NT, should assist the department and its entities to receive final decisions on all alternative revenue source proposals or funding requests submitted to National Treasury from the transport portfolio and submit a progress report to the Committee by the end of January 2026 on these submissions, followed by quarterly progress reports thereon, on all alternative revenue proposal applications or funding requests from the transport portfolio before National Treasury.*

All departments participate in the budget process equally and receive feedback on funding requests before the budget is presented to Cabinet. Departments are also welcome to engage on potential revenue sources during this process. Cabinet, representing all departments in government, gives approval to each allocation before it is submitted to Parliament.

## **PORTFOLIO COMMITTEE ON WATER AND SANITATION**

*Support infrastructure budget flexibility: Allow for more responsive budget adjustments to accommodate project delays and reallocation of funds to progressing projects, while maintaining transparency and audit compliance.*

The National Treasury welcomes the recommendation. Proposed adjustments to budgets are considered on a case-by-case basis and need to be accompanied by robust and updated implementation plans, including a schedule and cash-flow requirements. At subnational level, the Division of Revenue Act already provides for the proposed flexibility in terms of sections 17, 18 and 19.

*Enforce Blacklisting of Contractors: Act promptly on referrals from Department of Water and Sanitation (DWS) to blacklist non-performing contractors and maintain an updated public register of blacklisted entities.*

The Accounting Officer of the Department of Water and Sanitation has a responsibility to blacklist contractors and follow the restriction process outlined in paragraph 6 (restriction of person doing business with government) of PFMA Supply Chain Management Instruction Note 3 of 2021/22: Enhancing Compliance, Transparency and Accountability in Supply Chain Management. The National Treasury only uploads the blacklisted contractor on the National Treasury website once a request has been received from an organ of state and assesses whether the process followed by the accounting officer complies with paragraph 6 of the instruction note.

*Lead Metro Trading Services Oversight: Provide a comprehensive briefing to the Committee on the Metro Trading Services Programme, including its objectives, funding model, and implementation status across municipalities. The Committee to schedule a meeting on metro trading services programme (coordinated by National Treasury City Support Programme).*

The National Treasury welcomes the committee's recommendation. A comprehensive briefing on the Metro Trading Services Programme can be prepared.

*Lead Metro Trading Services Oversight: Implement initiatives aimed at arresting ever increasing municipal water debts such as the withholding of equitable share of all municipalities that owe water boards more than R10 million, and report to the Committee by January 2026.*

The National Treasury continues to engage municipalities that fail to comply with the Municipal Budget and Reporting Regulations and the Municipal Finance Management Act (2003). This includes non-payment of accounts to third parties such as water boards. The National Treasury has invoked section 216 of the Constitution against 12 municipalities that owe water boards. Equitable share and other conditional grants are therefore withheld. The National Treasury is able to submit a progress report to the committee at any time the committee requests, as these interventions are ongoing.

*Integration of Regional Bulk Infrastructure Grant (RBIG), Water Services Infrastructure Grant (WSIG) and Municipal Infrastructure Grant (MIG): Review and align the conditions for these RBIG, WSIG and MIG grants to accelerate delivery of water services (such as eradication of bucket toilet systems) across the municipalities and report to the Committee by March 2026.*

A review of the three grants has been conducted, with reforms envisaged for implementation in the outer years of the 2026 MTEF period. However, the alignment of these water grants remains subject to ongoing refinements and further engagements between COGTA and the Department of Water and Sanitation. Consequently, the deliberations and finalisation of these reforms are still in progress. As such, it will not be possible to provide the committee with a conclusive report on the RBIG and WSIG by March 2026. Furthermore, discussions on reforms to the MIG are ongoing with the COGTA and relevant stakeholders. A signalling of the reforms is included in the explanatory memorandum to the division of revenue and the MIG framework (contained in the 2026 Division of Revenue Bill).

## **PORTFOLIO COMMITTEE ON WOMEN, YOUTH AND PERSONS WITH DISABILITIES**

*The Committee requests the National Treasury to reassess the funding allocation to the Department of Women, Youth and Persons with Disabilities and the Commission for Gender Equality (CGE) to optimally implement their respective mandates.*

Despite the constrained fiscal environment, the Department of Women, Youth and Persons with Disabilities will receive additional funding of R43 million in 2026/27, R45 million in 2027/28 and R47.3 million in 2028/29 to operationalise the National Council on Gender-Based Violence and Femicide. This funding aims to ensure the implementation of the National Strategic Plan on Gender-Based Violence, particularly considering the recent classification of gender-based violence and femicide as a national disaster under section 23 of the Disaster Management Act (2002). This allocation is in addition to the R20.9 million in 2026/27 and R21.8 million in 2027/28 provided in the 2025 Budget to support the department's operations.

## **STANDING COMMITTEE ON FINANCE**

*The Committee recommends that National Treasury and the South African Revenue Service (SARS) develop a medium-term resource and funding plan to enable the recruitment of additional personnel in audit, enforcement, data analytics, and customs operations over the next MTEF period.*

The National Treasury and SARS engage annually on medium-term resource and funding requirements, which are considered through the normal budget process. In line with this, SARS was allocated an additional R7.5 billion over the 2025 MTEF period, primarily for capacitation, including customs modernisation (physical and technology infrastructure at ports), single customer view, a modernised case management system and value-added tax (VAT) modernisation.

*The Committee recommends that SARS receive a targeted infrastructure allocation over the MTEF to accelerate digital transformation, automation, and cybersecurity resilience.*

Through annual budget engagements, the prioritisation of projects such as the Unique Digital Identity, the Instant Payment System (with the Reserve Bank) and customs modernisation has been agreed on. SARS is allocated R3.3 billion over the 2025 MTEF period for capital projects.

*The Committee recommends that National Treasury review the Financial Intelligence Centre's (FIC) funding model to ensure sustainable resourcing of its intelligence, forensic and supervisory functions.*

As per the normal budget process, the FIC submits its budget requirements to the National Treasury annually, which are considered in line with the fiscal framework and the capacity of the entity to spend allocated budgets. The FIC, particularly its forensic and supervisory functions, has been supported through the additional allocation of R265.3 million over the 2023 MTEF period and R119.1 million over the 2025 MTEF period. Furthermore, the FIC's application to retain its 2024/25 surpluses of R455 000 was supported by the National Treasury in the current year to enable the entity to fund additional obligations imposed by the Financial Action Task Force grey list announcement.

*The Committee recommends that National Treasury review the Accounting Standards Board's (ASB) funding model to secure its long-term sustainability.*

The ASB is funded from transfers from the fiscus, which is consistent with its founding legislation. As per the normal budget process, the ASB submits its budget requirements to the National Treasury annually, which are considered in line with the fiscal framework and the capacity of the entity to spend allocated budgets.

## **THE STANDING AND SELECT COMMITTEES ON FINANCE ON THE 2025 REVISED AND PROPOSED FISCAL FRAMEWORK**

*The Committee recommends that National Treasury publish, for parliamentary scrutiny, a comprehensive analysis of options for a formal fiscal anchor, including quantitative scenarios that show the effects of different anchor designs on the primary balance, debt-to-GDP path, debt-service costs and non-interest spending as a share of GDP. This should include explicit analysis of what happens to key social and economic functions if non-interest expenditure continues to decline from around 25.1 per cent of GDP in 2022/23 towards approximately 23.3 per cent by 2028/29, as highlighted by some submissions. The Committee further recommends that government deepen and transparently report on its strategy for reducing borrowing costs, including liability-management operations, active engagement with major lenders, and prudent use of instruments such as the GFECRA settlement and associated buffer, currently reflected at about R260 billion.*

The National Treasury published the Fiscal Anchors Discussion Document in March 2025, and work is under way to present recommendations for consideration in the executive. Recognising that high debt creates structural vulnerability and significant socioeconomic costs, the National Treasury will commission Southern Africa – Towards Inclusive Economic Development (SA-TIED) research to strengthen the evidence base for a statutory sustainability standard, including distributional analysis, the service delivery effects of rising debt-service costs and quantitative scenario modelling (including implications for socioeconomic rights). These outputs will be shared with Parliament through the ongoing consultation process on the draft legislation. The National Treasury also reports

transparently in the annual budget on measures to reduce borrowing costs, including liability management operations and the prudent use of instruments such as the Gold and Foreign Exchange Contingency Reserve Account settlement and its associated buffer.

*The Committee recommends that any additional revenue required over the medium term be raised primarily from progressive sources and that any consideration of changes to the VAT rate, particularly increases, be subjected to a detailed, quantitative distributional and poverty-impact assessment, to be tabled in Parliament before any decision is taken. This analysis should include the impact on households in different deciles, taking into account that the SRD grant is currently R370, compared to a food poverty line of about R760. The Committee further recommends that SARS be adequately resourced to strengthen enforcement, recover a greater share of outstanding and evaded taxes, and reduce the stock of disputed amounts, and that National Treasury publish a medium-term tax policy roadmap that explicitly sets out the intended balance between income, corporate and wealth-based taxes in achieving both revenue and equity objectives.*

The National Treasury is committed to a long-term tax strategy focused on broadening the tax base, maintaining relatively low tax rates and strengthening tax administration to support sustainable revenue-raising and economic growth. Tax policy proposals seek an appropriate balance between core tax principles, considering equity, efficiency, simplicity, revenue-raising ability and the impacts of previous policy changes, with these trade-offs forming part of the annual evidence base for tax policy decisions. All tax policy changes proposed by the Minister of Finance follow a rigorous consultation and legislative process, including parliamentary engagement, and the National Treasury remains committed to transparent and constructive participation, while exploring options to enhance consultation where differing views arise.

*The Committee recommends that, in implementing the Targeted and Responsible Savings (TARS) initiative and other reprioritisation measures, government ensure that core frontline services in basic education, health, social development, policing and local government are protected from further real per-capita erosion. National Treasury should provide Parliament with regular reports showing real per-capita expenditure by sector, taking into account population growth and inflation, and departments should be required to demonstrate that announced savings do not translate into further reductions in critical frontline posts or essential infrastructure maintenance.*

The National Treasury reaffirms government's commitment to protecting core frontline services. About 60 per cent of non-interest expenditure is already allocated to social services, and recent budgets have provided additional funding to strengthen policing capacity. Implementation of the TARS initiative and other reprioritisation measures will continue to safeguard essential frontline services and the maintenance of key infrastructure. The National Treasury will also continue to provide Parliament with regular updates through the well-established quarterly expenditure reporting process to the appropriations committees.

*The Committee recommends that National Treasury and the Department of Social Development table, ahead of the 2026 Budget, a comprehensive policy paper on the future of the SRD grant and possible basic income support options. This paper should quantify the fiscal costs and macroeconomic effects of alternative grant values and coverage (including values at or above the food poverty line) and set out clear financing options, including progressive tax measures. The*

*Committee further recommends immediate steps to improve SRD administration, reduce wrongful exclusions, and ensure that any move towards a more permanent income-support mechanism is accompanied by a credible funding strategy that does not entail disproportionate cuts to other essential social and developmental programmes.*

The Department of Social Development is the lead department in this process, working closely with key partners such as the Department of Employment and Labour, the Presidency and the National Treasury. The extension of the *Social Relief of Distress (SRD) grant* for another year until 31 March 2027 was specifically intended to provide government with sufficient time to complete this policy work. As a result, a paper is not yet ready for tabling ahead of the 2026 Budget. While no fixed timelines have been agreed on, the intention is to complete the policy refinement before the 2026 MTBPS to ensure alignment with fiscal planning and implementation of priorities.

*The Committee recommends that National Treasury and the relevant line departments provide quarterly project-level reports to Parliament on large infrastructure programmes, including spending against allocations, reasons for underspending, and corrective actions.*

All approved Budget Facility for Infrastructure projects and programmes will be subject to specific reporting requirements and performance criteria to ensure cost efficiency and improved outcomes. An online portal is being developed to facilitate the reporting requirements and will become operational in 2026.

*The Committee further recommends that National Treasury, working with shareholder departments, submit to Parliament, within 30 days of adoption of this report, a consolidated compliance report on all major support packages to Eskom and Transnet. This report should set out, for each facility and tranche of support, the full list of conditions, the current status of compliance with each condition, any waivers or relaxations granted, and the rationale for proceeding with new guarantees or disbursements where conditions remain outstanding. Thereafter, such information should be tabled at least quarterly. The Committee also recommends that government shift from largely reactive, transaction-by-transaction interventions towards a clear, long-term restructuring and recapitalisation strategy for key SOEs, with explicit milestones, governance reforms and, where appropriate, defined roles for private participation under safeguards that protect the public interest and universal access to essential services. Budget documentation should distinguish more explicitly between once-off recapitalisation linked to credible restructuring programmes and ongoing support that funds operating shortfalls and should include a transparent statement of total SOE-related fiscal exposure, including guarantees, on-budget transfers, quasi-fiscal support and contingent liabilities, together with an explanation of how these exposures are expected to evolve over the medium term.*

The National Treasury presents compliance to conditions for government support packages on a quarterly basis to the Standing Committee on Appropriations.

*The Committee recommends that the review of the local government funding model be accelerated and that the LGES formula be updated using the most recent census and survey data, with explicit modelling of the impact on municipalities of different sizes and profiles. The Committee further recommends that National Treasury and COGTA report to Parliament at least twice a year on the stock and flow of municipal arrears to Eskom and water boards, the number and outcomes of section*

*216 interventions, and the performance and spending patterns of municipalities receiving infrastructure and urban development grants, including targeted support and, where necessary, structured intervention mechanisms for municipalities with chronic underspending and persistent service-delivery failures.*

The National Treasury is conducting a comprehensive review of the funding architecture, with finalisation targeted for October 2026. For the 2026 MTEF, household numbers will not be updated, as Census 2022-based data will only be available from January 2027. Similarly, Statistics South Africa has advised that updated poverty data will be collected through the Continuous Population Survey in 2027/28. To ensure stability, the 2026 MTEF local government equitable share formula will continue using the 2023/24 household estimates. Once new data becomes available, the formula will be updated to reflect differential municipal impacts and improve equity.

Information on municipal financial performance, including expenditure trends and underspending on infrastructure and urban development grants, is reported through existing in-year reporting processes.

*The Committee recommends that National Treasury submit to Parliament, ahead of future borrowing decisions with multilateral and international financial institutions, a summary of proposed loans that sets out the amount, terms, conditionalities, on-lending arrangements and expected fiscal and distributional impacts. The Committee further recommends that all existing programme loans with such institutions be reported in a consolidated schedule in Budget Review documents, with clear information on purpose, disbursement status, repayment profiles and any associated policy conditions, to ensure that Parliament can exercise informed oversight over international borrowing and its alignment with national development priorities.*

The National Treasury publishes information related to all loans and financing from multilateral development banks and international financial institutions in Chapter 7 of the *Budget Review*. The Minister of Finance is authorised by law to borrow on behalf of government.

*The Committee recommends that government explicitly recognise Early Childhood Development (ECD) infrastructure and parenting support as strategic fiscal priorities in the MTDP and in future fiscal frameworks. In particular, National Treasury should explore options for ring-fencing or prioritising ECD-related infrastructure within existing grants such as the Municipal Infrastructure Grant, and for providing dedicated allocations for parenting support and nurturing-care interventions within health, education and social development budgets.*

There is a ring-fenced allocation for ECD infrastructure within the *ECD grant*. These funds support ECD providers delivering an ECD programme in meeting basic health and safety requirements for registration and building low-cost ECD centres. There is also an earmarked allocation of R772.4 million over the medium term for piloting a nutrition support programme that targets low-cost ECD centres.

*The Committee recommends that National Treasury publish a three-year excise roadmap for alcohol, tobacco and health-related levies that clearly indicates the expected path of tax rates relative to CPI and the 23 per cent incidence benchmark, supported by impact assessments on employment,*

*investment, revenue and health outcomes. The roadmap should also set quantitative targets for reducing the illicit alcohol and tobacco shares through enhanced enforcement, including joint SARS–SAPS operations, improved customs controls and the full implementation of an effective tobacco track-and-trace system. The Committee further recommends that Treasury provides Parliament with an updated, evidence-based assessment of the Sugary Beverages Tax, including scenarios for a 20 per cent rate and for broadening the base, and that any adjustments be designed to maximise health gains while protecting low-income households and jobs in the sugar industry.*

The National Treasury is consulting with stakeholders on the alcohol excise policy review, which considers reforms including the setting of excise duty rates. The reform outcomes are expected towards the end of 2026 and will likely inform measures implemented on other excise duties. The reform process also considers the impact of illicit trade in excisable products and measures that need to be implemented by different stakeholders, including SARS working with other law enforcement agencies. SARS has already established the Syndicated Tax and Customs Crime Division, which is mandated to address issues related to syndicated tax and customs investigations. The National Treasury also continues to support SARS in strengthening its capacity to increase tax compliance.

The National Treasury will continue to update Parliament on the health promotion levy through established reporting channels. It will also engage with the national Department of Health on issues arising from the National Strategic Plan for the Prevention and Control of Non-Communicable Diseases, 2022–2027, including matters related to the levy.

*The Committee also recommends that National Treasury and SARS ensure that senior political and administrative leadership are consistently present at key public hearings and deliberations on the fiscal framework and major policy changes, and that supporting documentation, including key modelling and discussion papers, is made available in good time to enable meaningful public participation. In addition, the Committee recommends that National Treasury and the South African Reserve Bank establish a mechanism for regular reporting to Parliament on the distributional effects of monetary policy, including impacts on household indebtedness, consumption and labour-market outcomes, to ensure that the implementation of the revised inflation target supports inclusive and sustainable economic growth.*

The National Treasury commits to being represented at committee hearings in line with the requirements of the invitation forwarded by the committees for each hearing.

*The Committee recommends that National Treasury, working with the Office of the Chief Procurement Officer, table a report to Parliament within six months setting out concrete measures to address overpricing and to strengthen consequence management in public procurement. This report should include plans to standardise price-benchmarking across major categories of goods and services, improve the integration of SIU and other investigative findings into supplier databases, and tighten processes for restricting and de-registering non-compliant suppliers. It should also report on the implementation and impact of the new e-procurement tools, including how they are being used by departments and entities to detect anomalies and prevent abuse.*

The National Treasury notes the recommendation and is available to brief the committee and table a report at the committee's convenience and invitation.

*The Committee recommends that National Treasury, SARS and the National Prosecuting Authority (NPA) jointly brief Parliament on a coordinated enforcement strategy for illicit trade, including a clear division of responsibilities, case-selection criteria, and measurable targets for investigations brought to court and successfully prosecuted. The Committee expects this briefing to include information on how SARS cases are referred to the NPA, the current status of major illicit-trade prosecutions, and any legislative or capacity constraints that require attention.*

The National Treasury notes the recommendation and will brief Parliament accordingly, together with the relevant stakeholders, once invited to do so.

*The Committee recommends that National Treasury, together with the Minister of Forestry, Fisheries and the Environment, develop and table options for strengthening fiscal buffers against climate-related and other systemic shocks. These options should include the potential creation of a dedicated climate resilience fund, opportunities to leverage international climate finance, and clear criteria for when and how such buffers are drawn down, to reduce the need for disruptive in-year reallocations away from core social and developmental programmes.*

The National Treasury notes the committee's recommendation and will engage with the department on the matter. Government is already advancing this agenda. This includes the design of the Climate Change Response Fund (announced in February 2024) to mobilise adaptation finance, improve access to international climate funding and enhance disaster preparedness, alongside the draft Climate Risk Financing Strategy aimed at diversifying financing instruments, improving fund allocation and strengthening disaster-related data.

*The Committee recommends that National Treasury, in conjunction with the Presidency, provide Parliament with a quarterly Operation Vulindlela tracker that sets out progress against clearly defined milestones in energy, logistics, water and telecommunications, and that indicates the expected growth and fiscal impact of any delays. In addition, the Committee recommends that National Treasury table a detailed report on the TARS process, including the list of programmes evaluated, the criteria used for assessing them, and how the R6.7 billion in identified savings have been reallocated to growth-enhancing infrastructure and priority services.*

The National Treasury notes the recommendation. Quarterly reports are published on 30 January 2026, including a tracking dashboard. The Operation Vulindlela team is available to provide briefings to Parliament when invited. The impact of reforms on growth and associated costs are assessed on an ongoing basis, and these reports can be made available to Parliament. The National Treasury will provide further information on the TARS process in the 2026 Budget documentation.

*The Committee recommends that the programming structures of Parliament ensure that future post-MTBPS and post-Budget engagements with the Minister of Finance and National Treasury are scheduled for a full day, starting at 09:00, to allow sufficient time for detailed briefings, multiple rounds of questions and adequate consideration of public submissions. The Committee further recommends that National Treasury submit, prior to launching its proposed multi-year fiscal literacy campaign, a concept note and implementation plan setting out the objectives, target audiences, delivery mechanisms, governance arrangements and measures to ensure non-partisan, inclusive public participation.*

The National Treasury notes the recommendation. The scheduling, length and number of hearings after the tabling of the Budget and MTBPS is agreed to between the Minister of Finance and the leadership of committees.

### **THE SELECT COMMITTEE ON APPROPRIATIONS ON THE 2025 ADJUSTMENT APPROPRIATION BILL**

*National Treasury should, within 90 days of the adoption of this Report by the House, submit a targeted action plan addressing systemic causes of underspending, including procurement delays, inadequate project preparation and weak contract management, and must report quarterly to Parliament on progress.*

The National Treasury will provide the required report as part of the well-established quarterly reporting process to the appropriation committees.

*National Treasury and the Department of Social Development should, within 120 days of the adoption of this Report by the House, jointly present to Parliament costed options for improving the adequacy of the SRD grant, including inflation-indexing scenarios and medium-term enhancements aligned with poverty thresholds, or a plan for a sustainable alternative grant.*

The SRD grant has been extended for one year until March 2027 to give government time to finalise a comprehensive policy on income support for working-age individuals without alternative means of livelihood. Government is also considering options to link the grant to skills development and employment opportunities. Further details on these proposals will be communicated in due course.

*The Department of Health, together with National Treasury, should, within 120 days of the adoption of this Report by the House, develop and submit a multi-year financing strategy addressing health workforce pressures, HIV/TB programme requirements, infrastructure backlogs and system-strengthening priorities.*

The National Treasury notes the committee's recommendation and will continue supporting the Department of Health in this regard. The National Treasury further notes that Parliament has full authority to engage directly with the Department of Health and request relevant information.

*National Treasury should, within 120 days of the adoption of this Report by the House, conduct readiness assessments for all large infrastructure projects including, but not limited to, the uMkhomazi Water Project and submit a written report outlining bottlenecks, corrective measures and revised delivery timelines.*

The National Treasury notes the committee's recommendation. The uMkhomazi Water Project is implemented by the Department of Water and Sanitation through the Trans-Caledon Tunnel Authority. The cause of delays that resulted in rescheduling of allocation has to do with the need for consultations and facilitation of the procurement process conducted by the department following the approval of allocations. The department plans to start the building works in 2028/29. The National Treasury will continue engaging with the department.

*National Treasury should, within 90 days of the adoption of this Report by the House, institutionalise a poverty, gender and youth impact assessment framework for major fiscal adjustments and savings*

*proposals, and must submit the first consolidated annual assessment to Parliament within the next budget cycle.*

While the intent of the recommendation is welcomed, it is important to note that sector leads undertake needs assessments informing priority gaps and may provide feedback on such assessments as and when Parliament requests it.

*National Treasury and the Presidency should, within 90 days of adoption of this Report by the House, submit proposals outlining how future adjustments budgets will incorporate a youth lens aligned with national youth development and employment strategies, including strengthened support for transition programmes.*

The National Treasury notes the recommendation and will engage with the Presidency and Department of Women, Youth and Persons with Disabilities on this matter.

*National Treasury, together with the Department of Planning Monitoring and Evaluation should, within 120 days of the adoption of this Report by the House, develop and submit to Parliament a comprehensive national planning and forecasting improvement framework. This framework should strengthen departmental cost projections, enhance programme readiness assessments, establish early-warning mechanisms for emerging cost pressures, and introduce stricter internal oversight to ensure that future adjustment requests arise only from genuine unforeseen and unavoidable circumstances.*

The National Treasury will engage with the Department of Planning, Monitoring and Evaluation, including on the scope, approach and implications of developing a national planning and forecasting improvement framework. Any such framework must be approved by Cabinet before dissemination.

## **STANDING COMMITTEE ON APPROPRIATIONS ON THE 2025 ADJUSTMENTS APPROPRIATION BILL**

*The Minister of Finance should ensure that National Treasury monitors and ensures that Parliament's appropriated funds through this 2025 Adjustments Appropriation Bill are utilised in a manner as envisaged in the Constitution, the Bill, their intended purposes and in compliance with all laws and regulations governing the country's public finances, within the context of a constrained fiscal environment, the high levels of unemployment, poverty and inequality that face the majority of South Africans on a daily basis.*

The National Treasury notes and welcomes the committee's recommendation.

*The committee recommends that the Minister of Finance ensures that National Treasury properly plan, fund and monitor to ensure that, as government shifts the composition of spending towards infrastructure investments over the 2026 MTEF period, these infrastructure investments are complemented by robust project management across the entire project lifecycle. It also recommends the establishment of a dedicated, ring-fenced budget for the ongoing repairs and maintenance of completed assets to safeguard the state's investments.*

The National Treasury notes the committee's recommendation.

*The committee recommends that the Minister of Finance ensures that National Treasury begin to build the necessary modelling techniques in collaboration with the South African Weather Service and proactively build fiscal buffers into the budget to mitigate climate-related shocks. This should involve integrating cost-benefit analyses for climate adaptation into planning to strengthen spending productivity and ensure the efficient, sustainable development of infrastructure.*

The National Treasury notes the committee's recommendation and, together with Agence Française de Développement, the Development Bank of Southern Africa and the SA-TIED programme, is advancing the General Monetary and Multisectoral Macrodynamics for the Ecological Shift model, which integrates climate risks, investment needs and financial sector dynamics to support scenario analysis for large-scale green and water-energy-food investments. The model structure, calibration and baseline scenario have been finalised, with full operationalisation expected in 2026.

*The committee recommends that the Minister of Finance and the Minister in the Presidency responsible for Planning, Monitoring and Evaluation ensure that additional funding allocated to Statistics South Africa for building the required capacity to allow the entity to produce credible and reliable data is utilised solely for that purpose. The Committee is strongly of the view that there should be stricter management of funds allocated to Stats SA; to avoid the possibility of this agency being compromised and its provision of official statistical data being questioned.*

The National Treasury will impose conditions on additional funding allocated to Statistics South Africa to ensure that the department uses the funds for their intended purpose. The use of these funds will be monitored monthly through reports that the department is required to submit to the National Treasury in accordance with section 40(4)(c) of the PFMA.

*The committee recommends that the Minister of Finance ensures that National Treasury tables a report before Parliament on the costs of the G20 events. The Committee is strongly of the view that such events should be better planned and any allocation of public funds towards these events must be accompanied by better planning; and funding allocation must never be done by the Executive without prior consultation with Parliament.*

G20 activities were mainly funded through departmental reprioritisation, supplemented by private-sector sponsorships under the approved G20 Sponsorship Framework, with additional funding processed through the national budget system and appropriated by Parliament.

## **SELECT COMMITTEE ON 2025 APPROPRIATIONS ON THE DIVISION OF REVENUE AMENDMENT BILL**

*National Treasury should, within 90 days of the adoption of this Report by the House, submit a detailed technical explanation of the Provincial Equitable Share (PES) adjustments, including the demographic and gross domestic product (GDP) data used, how these shifts affect provinces in the outer years, and measures to improve the transparency and predictability of PES updates.*

Annexure W1 of the 2026 Division of Revenue Bill provides a detailed technical explanation of the provincial equitable share, including the data used to update the provincial equitable share on an

annual basis. This information also illustrates the impact over the MTEF period, including the phasing of changes.

*National Treasury, in consultation with the Financial and Fiscal Commission, should within 120 days of the adoption of this Report by the House, provide Parliament with an analysis of real per-capita provincial allocations in health, education and other social sectors, together with options to mitigate the impact of rising cost pressures on frontline service delivery.*

The National Treasury notes the recommendation.

*National Treasury and the Western Cape Department of Health should, within 90 days of the adoption of this Report by the House, provide Parliament with an implementation update on the ring-fenced allocations for the Belhar and Klipfontein Regional Hospital projects, confirming compliance with the 2025/26 allocation letter and outlining key milestones, expenditure plans and risk-mitigation measures.*

The National Treasury notes the recommendation and will engage the Western Cape Department of Health to ensure that an update is provided to Parliament.

*National Treasury, working with the affected metropolitan municipalities, should within 90 days of the adoption of this Report by the House, provide Parliament with an implementation update on the revised Urban Development Financing Grant baseline, detailing how the additional R2.1 billion will support trading services infrastructure, strengthen urban responsiveness, and improve delivery capacity in rapidly growing metros.*

The National Treasury will provide an update to Parliament when invited to do so.

*National Treasury should, within 120 days of the adoption of this Report by the House, submit a report to Parliament outlining interventions to strengthen provincial readiness for infrastructure delivery, including improvements to project preparation, procurement efficiency, and mechanisms to reduce persistent underspending in conditional grants.*

The National Treasury is ready to brief Parliament on the relevant issues when invited to do so. It supports provincial readiness for infrastructure delivery through a range of interventions, including training on the content and operational manual of the infrastructure reporting model; workshops on the infrastructure delivery management system covering portfolio, programme, operations and maintenance, and project processes; as well as technical engagement through provincial infrastructure coordinating meetings chaired by the National Treasury.

*National Treasury, working with the Department of Cooperative Governance and the National Disaster Management Centre and affected provincial and municipal departments, should within 60 days of the adoption of this Report by the House, provide Parliament with an implementation update on the ring-fenced disaster-recovery allocations, including verified project lists, progress on repairs, and measures to ensure full compliance with the amended grant frameworks.*

The National Disaster Management Centre should provide the requested implementation update, as disaster management coordination and the verification of disaster-related interventions fall within its mandate.

*National Treasury, working with the Department of Basic Education, should within 90 days of the adoption of this Report by the House, present a consolidated impact assessment on how reductions to the School Infrastructure Backlogs Grant (Indirect) will affect provinces, and what corrective steps will be taken to mitigate delays in addressing unsafe and inappropriate school structures.*

The National Treasury will support the Department of Basic Education in providing an impact assessment of how the shifting of funds from the school infrastructure backlogs grant to the education infrastructure grant will affect provinces and the mitigating measures implemented.

*The National Treasury, together with provincial counterparts, should within 120 days of the adoption of this Report by the House, present a concrete plan to improve conditional grant performance by strengthening project preparation, tightening planning requirements, and accelerating procurement processes across all spheres, with clear accountability measures for recurring delays and weak implementation.*

The National Treasury notes the recommendation and will report to the committee on invitation. Grant performance is monitored through the infrastructure reporting model, including analysis of expenditure and cash flows, supported by annual provincial site visits assessing project performance, alignment with provincial priorities and the Medium-Term Development Plan, value for money and implementation challenges. The Framework for Infrastructure Delivery and Procurement Management sets minimum requirements for infrastructure planning, procurement and stage-gate reviews to strengthen accountability.

*National Treasury, together with the departments of Basic Education, Health, Human Settlements and Cooperative Governance, should within 120 days of the adoption of this Report by the House, present a revised reporting framework for conditional grants that strengthens outcome-based monitoring and ensure that performance reports reflect actual implementation progress, service delivery outputs and the resolution of backlogs, rather than expenditure only.*

The recommendation is noted. The duties of the Transferring Officer and Receiving Officer, as outlined in sections 9–12 of the Division of Revenue Act, stipulate the various financial and non-financial performance reporting requirements and measures in place. In-year monthly expenditure and quarterly non-financial performance reports and evaluations measure the performance of conditional grants. As an additional measure, the National Treasury conducts mid-year visits annually to monitor expenditure and performance across all provinces.

*National Treasury, together with the Department of Cooperative Governance and all relevant sector departments, should within 120 days of the adoption of this Report by the House, submit a coordinated plan to improve intergovernmental planning alignment, specifically between Integrated Development Plans (IDPs), provincial plans, and conditional grant frameworks, with clear measures to strengthen project readiness, accelerate disaster-related implementation, and ensure that infrastructure grants are supported by credible, synchronised planning across all three spheres.*

The National Treasury notes the recommendation and will brief and report to the committee on invitation.

*National Treasury, together with the Department of Cooperative Governance and the South African Local Government Association (SALGA), should within 60 days of the adoption of this Report by the House, submit to Parliament a detailed plan to enforce the settlement of outstanding debts owed by national and provincial departments to municipalities. This plan should include verified arrear amounts, timelines for repayment, remedial actions for persistent non-compliance, and measures to prevent the recurrence of government non-payment, given its direct impact on municipal liquidity and basic service delivery stability.*

The National Treasury is working with COGTA and SALGA on this matter. SALGA is the lead entity and is compiling a plan to resolve this matter.

*National Treasury, the Department of Cooperative Governance, and the South African Local Government Association (SALGA) should, within 90 days of the adoption of this Report by the House, develop a strategy to address municipal revenue collection challenges, including the review of indigent policies, cost-reflective tariffs, and mechanisms to enforce payment of debts owed to Eskom and water boards.*

The National Treasury notes the recommendation. It provides support to all 257 municipalities through tools and training aimed at improving revenue collection, including cost-reflective tariffs and revenue base completeness.

*National Treasury, together with Statistics South Africa and the South African Local Government Association (SALGA), should within 120 days of the adoption of this Report by the House, provide Parliament with a detailed plan to update the Local Government Equitable Share formula using the latest available demographic and service-demand data, including timelines and measures to ensure that fast-growing municipalities receive fair and adequately adjusted allocations.*

The National Treasury notes the recommendation. A key challenge in updating the local government equitable share formula with poverty data is the lack of reliable municipal-level poverty and income measures. It would therefore be valuable for Parliament to request that Statistics South Africa brief directly on the data constraints and mitigation options, noting that Statistics South Africa has indicated to the National Treasury that the Continuous Population Survey – a new, ongoing population survey intended to close these demographic and socioeconomic data gaps – should start producing outputs suitable for this purpose from 2027/28.

*National Treasury, together with the Department of Cooperative Governance and in consultation with the South African Local Government Association (SALGA), should within 60 days of the adoption of this Report by the House, provide Parliament with the list of municipalities placed under indirect Municipal Infrastructure Grant (MIG) delivery, the reasons for their selection, and the support measures planned for these municipalities*

COGTA is better placed to provide Parliament with the requested list of municipalities under indirect municipal infrastructure grant (MIG) delivery, the reasons for their selection and the planned

support measures, given the department's role in administering and overseeing the MIG programme. The criteria and conditions informing indirect delivery arrangements are set out in the MIG conditional grant framework, which guides the identification of municipalities, the rationale for intervention and the accompanying support measures. The National Treasury will support the department as required.

*National Treasury, together with relevant sector departments, should within 120 days of the adoption of this Report by the House, provide Parliament with an implementation plan outlining the broader fiscal reforms required to strengthen provincial and municipal resilience. This plan should prioritise measures to improve the sustainability of the intergovernmental fiscal system, enhance long-term service delivery capacity, and address the structural pressures that the Division of Revenue Amendment Bill is unable to resolve through technical adjustments alone.*

Ongoing reviews will clarify funding–function challenges and inform structural reforms, particularly at local government level, including functional assignments. The 120-day report will cover the review of the 1998 White Paper on Local Government, but broader local government fiscal reforms will only conclude by October 2026. The implementation plan will therefore adopt a sequenced approach to addressing structural pressures, such as unfunded mandates, rising non-discretionary costs and infrastructure backlogs, while remaining aligned with review processes and intergovernmental consultations.

*The Minister of Finance must ensure that National Treasury tables a comprehensive progress report before Parliament over the rationalisation of government expenditures, size and composition of the State. The Committee wants to satisfy itself that as government embarks on the exercise of improving the efficiency and effectiveness of public spending through the implementation of the TARS initiatives, these reviews must not only be done to social grant recipients but to all sectors of government as per TARS objectives.*

The National Treasury notes the recommendation and will provide a briefing if invited to do so.

*The Minister of Finance must ensure that National Treasury and South African Social Security Agency (SASSA) finalise the review of social grant recipients in order to eliminate prospective delay and efficacy in functioning of SASSA and its operational budget. Furthermore, the Committee recommends that National Treasury review other government agencies and the Sector Education and Training Authorities and assess if they are all in line with the strategic objectives of the government to achieve efficient functioning of government.*

The National Treasury notes the recommendation.

## **THE SELECT COMMITTEE ON APPROPRIATIONS ON THE 2025 MTBPS**

*The committee recommends that the Minister of Finance ensures that National Treasury monitors and ensures that all the MTEF funding proposed in this MTBPS is allocated and spent in the manner envisaged in the Constitution, including the proposed structural reforms, appreciating the levels of unemployment, poverty and inequality within the South African context.*

The National Treasury notes the recommendation.

*The committee recommends that the Minister of Finance ensures that the National Treasury ensure that all relevant Government institutions from National, Provincial and Local government undertake the employee verification process to eliminate the prevalence of ghost workers within the State to ensure accurate quantification of the size of government employees for proper and accurate budgeting. This process must be accompanied by clear timeframes to allow Parliament to exercise its oversight role on this process and its ultimate outcomes.*

The National Treasury notes the recommendation. A national verification process has commenced and engagements to finalise timelines for the verification process are ongoing, ensuring Parliament can exercise oversight over the outcomes.

*The committee recommends that the Minister of Finance must ensure that while Government considers the review of the community education and training sector as well as the skills development landscape to determine how to improve outcomes, this process must be extended to all the SETAs for the same purposes, but also to determine their relevance, efficiency and effectiveness, with clear timeframes to allow Parliament to exercise its oversight role on this process and its ultimate outcomes.*

The National Treasury notes the recommendation.

*The committee recommends that the Minister of Finance and the Minister of Correctional Services ensure that National Treasury and the Department of Correctional Services speedily reprioritise the required funding to allow the Department of Correctional Services to take over the two public-private partnerships prisons, Mangaung and Kutama-Sinthumule correctional facilities. The Committee is of the view that funding-related challenges should not be a justification to delay this process. Furthermore, Government must always move and be seen to be moving with the required speed on issues of public interest.*

The Department of Correctional Services is reprioritising R2.8 billion over the medium term to take over Mangaung and Kutama-Sinthumule public-private-partnership correctional centres in June 2026 and February 2027, respectively.

*The committee recommends that the Minister of Finance and the Minister of Cooperative Governance ensure that National Treasury and the Department of Cooperative Governance monitor and ensure that the proposed reforms and the transfer of funds from the urban settlements development grant to the performance based urban development financing grant is accompanied by clear performance targets, transparent reporting, and targeted capacity support. Both the National Treasury and the Department of Cooperative Governance and Traditional Affairs should closely monitor implementation, assess the impact of the performance-based component on infrastructure management, and extend successful lessons to large secondary cities where appropriate.*

The National Treasury notes the recommendation.

*The committee recommends that the Minister of Finance and the Minister of Health ensure that National Treasury and the Department of Health provide a comprehensive report and a government position paper to Parliament indicating the overall implications (both financial and health) of the withdrawal of the US President's Emergency Plan for AIDS Relief (PEPFAR) funding. Furthermore, National Treasury and the Department of Health must comprehensively report to Parliament as to why PEPFAR cannot be adequately funded from the fiscus, as opposed to relegating that responsibility to Provinces whom by own government's acknowledgement are struggling to fund all their constitutional obligations due to their remitted revenue base. This comprehensive report must also reflect on overall implications of relegating this responsibility to each Province, given their varying degrees of financial and developmental dynamics.*

The National Treasury notes the recommendation.

### **THE SELECT COMMITTEE ON APPROPRIATIONS ON THE 2025 SPECIAL APPROPRIATION BILL**

*The Minister of Health, in collaboration with the Minister of Finance, should, by the 2026 Budget, table before Parliament, a clear policy statement outlining measures to reduce donor dependency and safeguard continuity of HIV and Tuberculosis (TB) services.*

The National Treasury notes the recommendation and will support the Department of Health. However, it should be noted that the majority of core HIV/AIDS service delivery inputs such as antiretroviral drugs, laboratory tests, medical supplies and human resources are already domestically funded.

*The National Treasury should, by the tabling of the 2026 Medium Term Budget Policy Statement, indicate how emergency health allocations will be transitioned into sustainable baseline funding over the Medium-Term Expenditure Framework (MTEF).*

The National Treasury continues to work with the national Department of Health to assess the medium-term funding requirements of the HIV/AIDS and TB response through the established budget processes.

*The National Treasury should, in the 2026 Division of Revenue Bill, strengthen support to provincial health departments through realistic funding assumptions and enhanced oversight to mitigate accruals and service delivery risks.*

In responding to funding pressures in the health sector, the National Treasury has noted that waste, fraud and inefficiencies need to be addressed in the sector. In the meantime, the 2026 Division of Revenue Bill has made additions to the equitable share to fund compensation of employees, absorbing unemployed doctors and addressing goods and services shortfalls. These additions amount to R21.3 billion over the 2026 MTEF period and have taken into consideration the needs of provincial departments.

*The National Treasury should, with effect from the 2026/27 financial year, strengthen conditions, reporting requirements, and safeguards on health-related Provincial Equitable Share (PES) allocations to prevent diversion of funds and ensure accountability.*

The provincial equitable share is a constitutionally-protected entitlement of provinces and is thus unconditional. Any additions that fall outside the equitable share are for specific purposes and are communicated through allocation letters. Through budget engagements, allocations are then analysed against the purpose of the allocation. Continuous engagements between the National Treasury and provinces aim to ensure that allocations are directed to the intended purpose.

*The National Treasury and the Department of Health should, by 31 March 2026, report to Parliament on progress in strengthening governance, including the rollout of e-procurement systems and the enforcement of consequence management and the implementation of safeguarding measures to ensure that the funds allocated in terms of this Bill are not absorbed into the ordinary equitable share allocations of provinces.*

The legally binding and auditable procurement rules of government apply to all funds appropriated by Parliament. Implementation falls under the prescripts of existing financial management legislation and regulations, and no exemptions from prevailing rules have been granted. The allocations to provinces, which make up the bulk of the amounts in the bill, are ring-fenced through the comprehensive HIV/AIDS component of the *district health programmes grant* and cannot be absorbed into the equitable share allocations of provinces.

*The Minister of Health and the Minister of Finance should jointly table a costed, multi-year HIV and TB financing strategy to Parliament by the tabling of the 2026 Budget.*

The National Treasury notes the recommendation and will support the Department of Health in this regard.

*The National Treasury should, over the 2026 Medium Term Expenditure Framework (MTEF), progressively shift the health financing framework away from ad hoc emergency interventions towards a predictable, equitable and sustainable funding model.*

The health sector is not generally funded through ad hoc interventions but rather through the established MTEF process. When the Minister of Finance authorised funding for HIV/AIDS and TB under section 16 of the PFMA (authorises funding in emergency situations), the intention was to address only the most urgent needs arising from the abrupt withdrawal of the U.S. Agency for International Development component of PEPFAR funding.

## **THE SELECT COMMITTEE ON APPROPRIATIONS ON THE PROPOSED DIVISION OF REVENUE AND CONDITIONAL GRANT ALLOCATIONS TO PROVINCES AND MUNICIPALITIES AS CONTAINED IN THE 2025 MTBPS**

*National Treasury should, within 60 days of the adoption of this Report by the House, outline how additional provincial allocations for health and education in the 2026 Division of Revenue Bill will be accompanied by clear performance expectations and strengthened oversight mechanisms to*

*improve frontline service delivery and address governance weaknesses in underperforming provinces.*

The National Treasury notes the recommendation and will brief the committee when invited to do so.

*National Treasury, together with the National Department of Health should, within 120 days of the adoption of this Report by the House, require provincial health departments to submit credible, costed transition plans for absorbing the United States President's Emergency Plan for AIDS Relief (PEPFAR)-related services into provincial baselines over the Medium-Term Expenditure Framework (MTEF). These plans should then be incorporated into future health grant and equitable share allocations to safeguard continuity of HIV/TB and other critical services.*

The national Department of Health, working together with provincial departments of health, has already received transitional plans from each province. These were shared with the National Treasury and informed the in-year allocations in terms of section 16 of the PFMA. The Department of Health can brief Parliament on these plans when invited to do so.

*The Minister of Finance should, within 90 days of the adoption of this Report by the House, provide a framework indicating how the 2026 Medium Term Expenditure Framework (MTEF) compensation allocations for provincial education departments will be aligned with realistic workforce planning, including strategies to address educator shortages, manage class sizes and expand quality ECD in provinces with the greatest needs.*

The National Treasury notes the recommendation and can brief the committee when invited to do so.

*National Treasury should, within 60 days of the adoption of this Report by the House, initiate a formal review of the Provincial Equitable Share (PES) formula, in consultation with provincial treasuries and relevant stakeholders, to ensure that updated demographic, migration, urbanisation and poverty data are adequately reflected in the formula ahead of the 2027 Medium Term Expenditure Framework (MTEF).*

This review is already under way, encompassing the areas highlighted by the committee. It is being conducted by a dedicated task team comprising officials from the National Treasury and representatives from provincial treasuries in collaboration with the Financial and Fiscal Commission, Statistics South Africa and other relevant stakeholders to gather input and expertise. Additionally, the review extends to examining the weights for various components of the formula to ensure a more accurate and equitable distribution of resources.

*The Minister of Finance should, within 90 days of the adoption of this Report by the House, issue clear guidelines and transitional arrangements to support the merger of the Comprehensive Agricultural Support Programme (CASP) Grant and the Ilima/Letsema Project Grant from 2026/27, including capacity-building support to provinces and measures to strengthen extension services, post-settlement support and market access for smallholder and subsistence farmers*

The merger of the two grants was presented to Parliament as part of the 2024 MTBPS. The National Treasury is available to brief Parliament and support the sector department on this matter.

*National Treasury and the Department of Basic Education should, within 90 days of the adoption of this Report by the House, develop and publish a framework to guide the merger of the School Infrastructure Backlogs Grant (SIBG) into the Education Infrastructure Grant, ensuring that the eradication of unsafe school structures and sanitation backlogs remains prioritised, particularly in provinces with the largest infrastructure deficits.*

The *education infrastructure grant* framework in the 2026 Division of Revenue Bill, as presented to Parliament, includes conditions that enforce the merging of the *school infrastructure backlogs grant* (SIBG) into the *education infrastructure grant*, while ensuring unsafe school structures and sanitation backlogs remain prioritised. These include R4.7 billion from the SIBG to be merged over the 2026 MTEF period for priority projects; R1.2 billion in 2026/27 for sanitation improvements in the Eastern Cape, KwaZulu-Natal and Limpopo; and a requirement that provinces prioritise eliminating pit latrines, rehabilitating storm-damaged schools and replacing asbestos or inappropriate structures.

*The Minister of Finance should, within 60 days of the adoption of this Report by the House, submit a plan on how increases in the local government share over the 2026 Medium Term Expenditure Framework (MTEF) will be aligned with targeted support for revenue management, asset maintenance and funded budgets, ensuring that operating transfers lead to measurable improvements in municipal financial health and service delivery.*

The National Treasury notes the recommendation. The reviews of the White Paper on Local Government and the local government fiscal framework are ongoing, and they will be critical in quantifying the scale and nature of the funding–function misalignment affecting municipalities.

*National Treasury, working with the Department of Cooperative Governance and relevant sector departments should, within 90 days of the adoption of this Report by the House, publish integrated planning requirements to guide the shifting of funds from the Urban Settlements Development Grant to the Urban Development Financing Grant, ensuring alignment between trading services, spatial transformation and human settlement objectives in metropolitan municipalities.*

The National Treasury, in collaboration with COGTA and relevant sector departments, is developing integrated planning requirements to guide the shifting of funds from the *urban settlements development grant* to the *urban development financing grant*. The requirements will be published within 90 days of the House adopting the report and will ensure alignment between metropolitan trading services, spatial transformation priorities and human settlement objectives.

*The Minister of Finance should, within 60 days of the adoption of this Report by the House, provide a design framework for the merged Integrated National Electrification Programme (municipal) Grant and the Energy Efficiency and Demand-Side Management Grant, including differentiated support, technical assistance and project preparation measures aimed at helping under-capacitated municipalities improve electrification access, demand-side management and maintenance of distribution networks.*

The new grant framework is being finalised and will be published as part of the 2026 Budget.

*National Treasury and the Department of Cooperative Governance should, within 60 days of the adoption of this Report by the House, finalise and publish clear implementation timelines for the review of the local government fiscal framework and the 1998 White Paper, including proposals for functional assignments and funding instruments, to guide progressive incorporation into the 2026/27 Division of Revenue Bill and future Medium Term Expenditure Framework (MTEF) cycles.*

The two reviews have different timelines: the 1998 white paper review is expected to be finalised by end-March 2026. The local government fiscal framework review will rely on the outcomes of the white paper review, particularly the principles, policy direction and proposals on functional assignments, before responding through the design of associated funding instruments. The framework review is expected to be finalised in October 2026. The findings from these processes will inform feasible proposals that can be progressively incorporated into the 2027 Division of Revenue Bill process and subsequent MTEF cycles, in line with applicable governance and consultative processes.

# **B** 2026 BUDGET REVIEW **TAX EXPENDITURE STATEMENT**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



## INTRODUCTION

The primary aim of the tax system is to raise sufficient revenue for government spending. It can also promote socioeconomic objectives through targeted tax exemptions, deductions or credits. Tax expenditures are estimates of the total revenue forgone due to this preferential tax treatment. This annexure presents government's latest estimates of the fiscal cost of tax expenditures as well as the methodology used to produce these estimates.

Tax expenditure documents promote transparency and accountability. They help government and the public assess the costs, benefits and overall effectiveness of this expenditure. In 2023/24 – the latest year for which data is available – tax expenditures were estimated at R285.4 billion or 4 per cent of GDP.

## TAX EXPENDITURE ESTIMATES

The estimates presented in tables B.1 and B.2 are calculated using the “revenue forgone” method. This entails comparing actual revenue collections with the revenue that would have been collected without the incentive in place.

The revenue forgone approach assumes that taxpayers do not change their behaviour in response to a tax expenditure being withdrawn. In reality, behaviour is likely to change if an incentive is withdrawn, so the additional revenue collected may be less than estimated.

Most of the personal income tax and corporate income tax estimates are calculated using administrative data from the South African Revenue Service (SARS), which allows expenditure estimates to be accounted for on an accrual basis.

### Changes to estimation methods since the 2025 Budget

#### *Special economic zones – section 12R of the Income Tax Act (1962)*

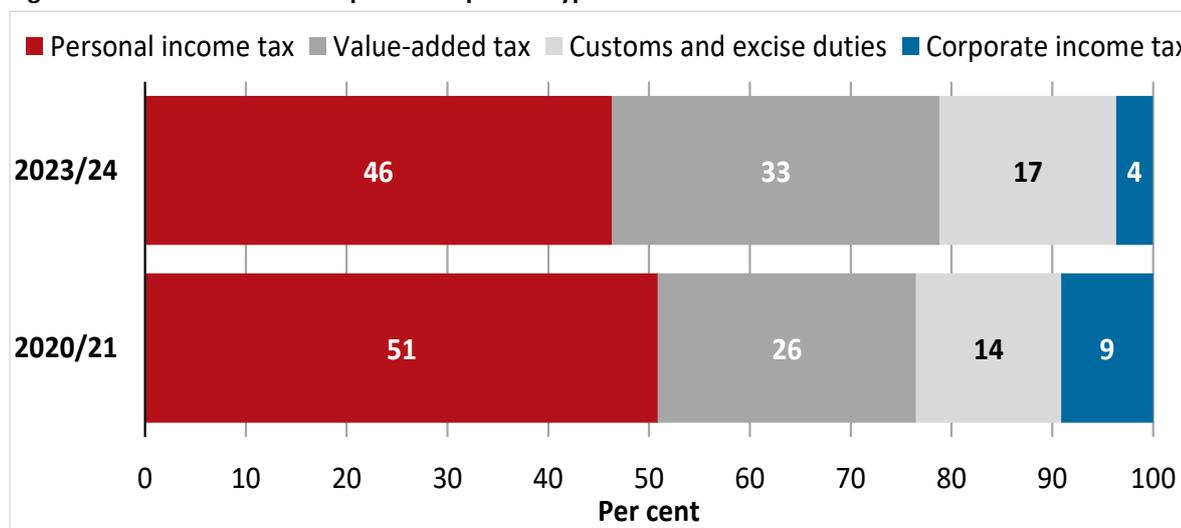
This annexure incorporates the estimated revenue forgone due to the special economic zones (SEZ) tax incentive for the first time. This relates only to the reduced headline corporate income tax rate of 15 per cent in terms of section 12R. The SEZ tax incentive is intended to encourage investment in targeted sectors, particularly the manufacturing and tradeable services sectors, to support export competitiveness, economic growth and job creation. The estimated revenue forgone relates only to the six SEZ that have been approved by the Minister of Finance in terms of section 12R of the Income Tax Act.

An average of 18 companies benefited from the reduced headline corporate income tax rate for the first three fiscal years presented (the latest year has a low level of assessment). Qualifying companies in a loss position were excluded, as they do not impact the estimated revenue forgone.

### Trends in tax expenditure: 2020/21 – 2023/24

This section uses historical data to analyse trends in tax expenditure at an aggregate level between 2020/21 and 2023/24. The numbers presented for the latest fiscal year reported in each tax expenditure statement are generally lower than previous fiscal years because the number of taxpayers that have submitted tax returns to SARS is not close to 100 per cent. Tax expenditures remained relatively constant as a share of nominal GDP over the period, reducing from 4.4 per cent in 2020/21 to 4 per cent in 2023/24. The 2023/24 share will be more accurate in the 2027 *Budget Review* once levels of tax returns filed and tax assessments are higher, and tax expenditure estimates for that fiscal year are revised.

**Figure B.1 Share of total tax expenditure per tax type**



Source: National Treasury

### Sectoral trends in tax expenditure: 2020/21 – 2023/24

The SARS tax administrative data is aligned with the Standard Industrial Classification, rather than SARS sector codes, for the sectoral analysis.

#### *Research and development (R&D) tax incentive (section 11D of the Income Tax Act)*

The R&D tax incentive aims to encourage private-sector companies to invest in R&D by providing a 150 per cent deduction for expenditure on eligible scientific or technological R&D carried out in South Africa.

Table B.1 shows the five sectors that have benefited most from this tax incentive over the reporting period. More than 65 per cent of the tax expenditure has supported the manufacturing sector and the financial intermediation, insurance, real estate and business services sector. The agricultural sector has also benefited, highlighting that this incentive encourages R&D in sectors that are important for job creation.

*Participation exemption in terms of foreign dividends (section 10B(2) of the Income Tax Act)*

To qualify for the participation exemption, a resident company (or group of companies) must hold 10 per cent or more of the total equity shares and voting rights of a company declaring a foreign dividend. The exemption aims to encourage resident companies to repatriate dividends and prevent economic double taxation (if dividend withholding tax is due in the foreign country, for example). Qualifying companies are also exempt from capital gains tax on the sale of shares.

Table B.1 shows the five sectors that benefited the most between 2020/21 and 2023/24. The reported numbers relate solely to the exempt foreign dividend element, as there is insufficient information to publish the tax expenditure associated with the capital gains tax element.

The financial intermediation, insurance, real estate and business services sector benefits the most – both in respect of the number of taxpayers and the monetary value of the exemption. Between 2020/21 and 2023/24, an average of 1 425 taxpayers benefited from the participation exemption (limited to dividends).

**Table B.1 Selected corporate tax expenditure estimates by sector**

R million	2020/21	2021/22	2022/23	2023/24
<b>Research and development</b>	<b>295</b>	<b>353</b>	<b>368</b>	<b>141</b>
Financial intermediation, insurance, real estate and business services	123	155	141	22
Manufacturing	99	117	104	32
Agriculture, hunting, forestry and fishing	26	23	19	2
Community, social and personal services	11	12	10	8
Mining and quarrying	9	9	8	1
Other	27	37	85	75
<b>Participation exemption</b>	<b>10 885</b>	<b>12 290</b>	<b>9 574</b>	<b>1 533</b>
Financial intermediation, insurance, real estate and business services	5 374	5 769	3 803	1 129
Mining and quarrying	2 472	2 259	2 800	–
Transport, storage and communication	1 604	2 062	1 755	10
Community, social and personal services	435	303	19	39
Manufacturing	345	903	843	215
Other	655	994	354	139

*Source: National Treasury*

Table B.2 Tax expenditure estimates

R million	2020/21	2021/22	2022/23	2023/24
<b>Personal income tax</b>				
Retirement fund contributions <sup>1</sup>	77 045	80 457	82 453	80 980
<i>Pension contributions – employees</i>	22 788	21 274	19 746	19 724
<i>Pension contributions – employers</i>	27 010	29 308	31 133	32 245
<i>Provident contributions – employees</i>	5 102	5 251	6 009	6 144
<i>Provident contributions – employers</i>	11 453	12 539	13 030	12 852
<i>Retirement annuity</i>	10 693	12 085	12 534	10 015
Medical	36 071	37 169	39 392	37 542
<i>Medical tax credits on contributions</i>	27 833	28 922	30 360	29 531
<i>Medical tax credits on out-of-pocket expenditure</i>	8 237	8 247	9 031	8 010
Interest exemptions	3 299	3 333	4 467	5 311
Secondary rebate (65 years and older)	4 758	4 923	4 671	5 068
Tertiary rebate (75 years and older)	477	481	511	322
Donations	415	423	325	391
Capital gains tax (annual exclusion)	540	741	609	503
Venture capital companies	1 001	1 328	–	–
Foreign remuneration exemption	1 863	2 276	2 747	2 021
<b>Total personal income tax</b>	<b>125 468</b>	<b>131 134</b>	<b>135 175</b>	<b>132 137</b>
<b>Corporate income tax</b>				
Small business corporation tax savings	3 403	3 880	4 387	3 937
<i>Reduced headline rate</i>	3 285	3 746	3 707	3 463
<i>Section 12E depreciation allowance</i>	118	134	680	474
Research and development	295	353	368	141
Learnership allowances	398	379	398	206
Strategic industrial projects (12I)	2	–	–	–
Film incentive <sup>2</sup>	1	16	25	25
Urban development zones	158	198	97	79
Employment tax incentive	7 165	6 617	4 791	4 462
Energy-efficiency savings	130	274	277	18
Participation exemption <sup>3</sup>	10 885	12 290	9 574	1 533
Special economic zones	26	37	65	38
<b>Total corporate income tax</b>	<b>22 463</b>	<b>24 044</b>	<b>19 982</b>	<b>10 438</b>

**Table B.2 Tax expenditure estimates (continued)**

R million	2020/21	2021/22	2022/23	2023/24
<b>Value-added tax</b>				
Zero-rated supplies	61 584	74 444	88 846	90 919
<i>22 basic items</i> <sup>4</sup>	27 960	31 494	34 439	36 491
<i>Petrol</i> <sup>5</sup>	14 730	20 705	24 916	24 686
<i>Diesel</i> <sup>5</sup>	6 592	9 321	13 006	12 229
<i>Paraffin</i> <sup>5</sup>	740	1 741	2 992	2 941
<i>Municipal property rates</i>	11 235	10 766	12 837	14 011
<i>Reduced inclusion rate for commercial accommodation</i>	328	416	657	560
Exempt supplies (public transport and education)	1 525	1 717	1 836	1 946
<b>Total value-added tax</b>	<b>63 109</b>	<b>76 161</b>	<b>90 682</b>	<b>92 864</b>
<b>Customs duties and excise</b>				
Motor vehicles (MIDP/APDP, including IRCCs) <sup>6</sup>	26 189	34 165	42 738	41 198
Textile and clothing (duty credits – DCCs) <sup>6</sup>	709	869	917	426
Furniture and fixtures	138	144	114	146
Other customs <sup>7</sup>	1 409	1 147	1 004	906
Diesel refund <sup>8</sup>	7 090	7 347	6 508	7 280
<b>Total customs and excise</b>	<b>35 534</b>	<b>43 672</b>	<b>51 281</b>	<b>49 955</b>
<b>Total tax expenditure</b>	<b>246 574</b>	<b>275 011</b>	<b>297 121</b>	<b>285 394</b>
<b>Tax expenditure as % of total gross tax revenue</b>	<b>19.7%</b>	<b>17.6%</b>	<b>17.6%</b>	<b>16.4%</b>
<b>Total gross tax revenue</b>	<b>1 249 711</b>	<b>1 563 754</b>	<b>1 686 697</b>	<b>1 740 870</b>
<b>Tax expenditure as % of GDP</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.0%</b>

1. Retirement benefits are taxable once they are paid out, therefore a portion of the revenue is deferred rather than forgone, unlike most other tax expenditures. Some of the revenue forgone is also recouped through taxes on lump sum withdrawals before or on retirement

2. Tax expenditure for all years is attributable to allowances under section 24F and exemptions under section 12O

3. Tax expenditure only attributable to foreign dividends. Capital gains tax on shares sales not included

4. VAT relief in respect of basic food items based on 2010/11 Income and Expenditure Survey data, and two food items and sanitary towels (pads) added from 1 April 2019

5. Based on fuel volumes and average retail selling prices

6. Motor Industry Development Programme (MIDP), replaced in 2013 by the Automotive Production Development Programme (APDP); import rebate credit certificate (IRCC); duty credit certificate (DCC)

7. Goods manufactured exclusively for exports, television monitors and agricultural goods exempted

8. Diesel refund previously offset against domestic VAT has been added

Source: National Treasury

**ANNEXURE B**  
**TAX EXPENDITURE STATEMENT**

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**2026 BUDGET REVIEW**  
**ADDITIONAL TAX  
POLICY AND  
ADMINISTRATIVE  
ADJUSTMENTS**



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



## ADDITIONAL TAX POLICY AND ADMINISTRATIVE ADJUSTMENTS

This annexure should be read with Chapter 4 of the *Budget Review*. It elaborates on some of the proposals contained in the chapter, clarifies certain matters and presents additional technical proposals arising from the annual tax policy process.

### PERSONAL INCOME TAX

The proposed tax schedule in Table 4.4 in Chapter 4 compensates individuals for the effect of inflation. The effects of these proposals are set out in tables C.1, C.2 and C.3.

**Table C.1 Annual income tax payable, 2026/27**

Taxable income (R)	2025/26 rates (R)	Proposed 2026/27 rates (R)	Tax change (R)	% change	Average tax rates	
					Old rates	New rates
90 000	–	–	–	0.0%	0.0%	0.0%
100 000	765	180	-585	-76.5%	0.8%	0.2%
120 000	4 365	3 780	-585	-13.4%	3.6%	3.2%
150 000	9 765	9 180	-585	-6.0%	6.5%	6.1%
200 000	18 765	18 180	-585	-3.1%	9.4%	9.1%
250 000	28 797	27 572	-1 225	-4.3%	11.5%	11.0%
300 000	41 797	40 572	-1 225	-2.9%	13.9%	13.5%
400 000	69 272	67 417	-1 855	-2.7%	17.3%	16.9%
500 000	100 272	98 417	-1 855	-1.8%	20.1%	19.7%
750 000	191 942	188 533	-3 409	-1.8%	25.6%	25.1%
1 000 000	292 284	288 293	-3 991	-1.4%	29.2%	28.8%
1 500 000	497 284	493 293	-3 991	-0.8%	33.2%	32.9%
2 000 000	709 604	703 149	-6 455	-0.9%	35.5%	35.2%

Source: National Treasury

**Table C.2 Annual income tax payable, 2026/27 (taxpayers aged 65 to 74)**

Taxable income (R)	2025/26 rates (R)	Proposed 2026/27 rates (R)	Tax change (R)	% change	Average tax rates	
					Old rates	New rates
120 000	–	–	–	–	–	–
150 000	321	–	-321	-100.0%	0.2%	0.0%
200 000	9 321	8 415	-906	-9.7%	4.7%	4.2%
250 000	19 353	17 807	-1 546	-8.0%	7.7%	7.1%
300 000	32 353	30 807	-1 546	-4.8%	10.8%	10.3%
400 000	59 828	57 652	-2 176	-3.6%	15.0%	14.4%
500 000	90 828	88 652	-2 176	-2.4%	18.2%	17.7%
750 000	182 498	178 768	-3 730	-2.0%	24.3%	23.8%
1 000 000	282 840	278 528	-4 312	-1.5%	28.3%	27.9%
1 500 000	487 840	483 528	-4 312	-0.9%	32.5%	32.2%
2 000 000	700 160	693 384	-6 776	-1.0%	35.0%	34.7%

Source: National Treasury

**Table C.3 Annual income tax payable, 2026/27 (taxpayers aged 75 and over)**

Taxable income (R)	2025/26 rates (R)	Proposed 2026/27 rates (R)	Tax change (R)	% change	Average tax rates	
					Old rates	New rates
150 000	–	–	–	–	–	–
200 000	6 176	5 166	-1 010	-16.4%	3.1%	2.6%
250 000	16 208	14 558	-1 650	-10.2%	6.5%	5.8%
300 000	29 208	27 558	-1 650	-5.6%	9.7%	9.2%
400 000	56 683	54 403	-2 280	-4.0%	14.2%	13.6%
500 000	87 683	85 403	-2 280	-2.6%	17.5%	17.1%
750 000	179 353	175 519	-3 834	-2.1%	23.9%	23.4%
1 000 000	279 695	275 279	-4 416	-1.6%	28.0%	27.5%
1 500 000	484 695	480 279	-4 416	-0.9%	32.3%	32.0%
2 000 000	697 015	690 135	-6 880	-1.0%	34.9%	34.5%

Source: National Treasury

## CUSTOMS AND EXCISE DUTY

Government proposes that excise duties in the Customs and Excise Act (1964, section A of part 2 of schedule 1) be amended with effect from 25 February 2026 to the extent shown in Table C.4.

## ADDITIONAL TAX POLICY AND ADMINISTRATIVE ADJUSTMENTS

Table C.4 Specific excise duties, 2025/26 – 2026/27

Tariff item	Tariff subheading	Article description	2025/26 Rate of excise duty	2026/27 Rate of excise duty
104.00		<b>PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO</b>		
104.01	19.01	<b>Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40 per cent by mass of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 04.01 to 04.04, not containing cocoa or containing less than 5 per cent by mass of cocoa calculated on a totally defatted basis not elsewhere specified or included:</b>		
104.01.05	1901.90.13	Preparations for making alcoholic beverages (excluding those of subheading 1901.90.20) as defined in Additional Note 2 to Chapter 19	34,7c/kg	34,7c/kg
104.01.10	1901.90.20	Traditional African beer powder as defined in Additional Note 1 to Chapter 19	34,7c/kg	34,7c/kg
104.05	21.06	<b>Food preparations not elsewhere specified or included:</b>		
104.05.10	2106.90.13	Preparations for making alcoholic beverages as defined in Additional Note 1 to Chapter 21	34,7c/kg	34,7c/kg
104.10	22.03	<b>Beer made from malt:</b>		
104.10.10	2203.00.05	Traditional African beer as defined in Additional Note 1 to Chapter 22	7,82c/li	7,82c/li
104.10.20	2203.00.90	Other	R145.07/li aa	R149.98/li aa
104.15	22.04	<b>Wine of fresh grapes, including fortified wines; grape must (excluding that of heading 20.09):</b>		
104.15.01	2204.10	Sparkling wine	R19.03/li	R19.68/li
104.15	2204.21	<b>In containers holding 2 li or less:</b>		
104.15	2204.21.4	<b>Unfortified wine:</b>		
104.15.03	2204.21.41	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.	R5.95/li	R6.15/li
104.15.04	2204.21.42	Other	R292.91/li aa	R302.84/li aa
104.15	2204.21.5	<b>Fortified wine:</b>		
104.15.05	2204.21.51	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li	R10.38/li
104.15.06	2204.21.52	Other	R292.91/li aa	R302.84/li aa
104.15	2204.22	<b>In containers holding more than 2 li but not more than 10 li:</b>		
104.15	2204.22.4	<b>Unfortified wine:</b>		
104.15.13	2204.22.41	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.	R5.95/li	R6.15/li
104.15.15	2204.22.42	Other	R292.91/li aa	R302.84/li aa
104.15	2204.22.5	<b>Fortified wine:</b>		
104.15.17	2204.22.51	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li	R10.38/li
104.15.19	2204.22.52	Other	R292.91/li aa	R302.84/li aa
104.15	2204.29	<b>Other:</b>		
104.15	2204.29.4	<b>Unfortified wine:</b>		
104.15.21	2204.29.41	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.	R5.95/li	R6.15/li
104.15.23	2204.29.42	Other	R292.91/li aa	R302.84/li aa
104.15	2204.29.5	<b>Fortified wine:</b>		
104.15.25	2204.29.51	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li	R10.38/li
104.15.27	2204.29.52	Other	R292.91/li aa	R302.84/li aa
104.16	22.05	<b>Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances:</b>		
104.16	2205.10	<b>In containers holding 2 li or less:</b>		
104.16.01	2205.10.10	Sparkling	R19.03/li	R19.68/li

Table C.4 Specific excise duties, 2025/26 – 2026/27 (continued)

Tariff item	Tariff subheading	Article description	2025/26 Rate of excise duty	2026/27 Rate of excise duty
<b>104.16</b>	<b>2205.10.2</b>	<b>Unfortified:</b>		
104.16.03	2205.10.21	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 15 per cent by vol.	R5.95/li	R6.15/li
104.16.04	2205.10.22	Other	R292.91/li aa	R302.84/li aa
<b>104.16</b>	<b>2205.10.3</b>	<b>Fortified:</b>		
104.16.05	2205.10.31	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li	R10.38/li
104.16.06	2205.10.32	Other	R292.91/li aa	R302.84/li aa
<b>104.16</b>	<b>2205.90</b>	<b>Other:</b>		
<b>104.16</b>	<b>2205.90.2</b>	<b>Unfortified:</b>		
104.16.09	2205.90.21	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 15 per cent by vol.	R5.95/li	R6.15/li
104.16.10	2205.90.22	Other	R292.91/li aa	R302.84/li aa
<b>104.16</b>	<b>2205.90.3</b>	<b>Fortified:</b>		
104.16.11	2205.90.31	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li	R10.38/li
104.16.12	2205.90.32	Other	R292.91/li aa	R302.84/li aa
<b>104.17</b>	<b>22.06</b>	<b>Other fermented beverages (for example, cider, perry, mead, saké); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included:</b>		
104.17.03	2206.00.05	Sparkling fermented fruit or mead beverages; mixtures of sparkling fermented beverages derived from the fermentation of fruit or honey; mixtures of sparkling fermented fruit or mead beverages and non-alcoholic beverages	R19.03/li	R19.68/li
104.17.05	2206.00.15	Traditional African beer as defined in Additional Note 1 to Chapter 22	7,82c/li	7,82c/li
104.17.07	2206.00.17	Other fermented beverages, unfortified, with an alcoholic strength of less than 2.5 per cent by volume	R145.07/li aa	R149.98/li aa
104.17.09	2206.00.19	Other fermented beverages of non-malted cereal grains, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 9 per cent by vol.	R145.07/li aa	R149.98/li aa
104.17.11	2206.00.21	Other mixtures of fermented beverages of non-malted cereal grains and non-alcoholic beverages, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 9 per cent by vol.	R145.07/li aa	R149.98/li aa
104.17.15	2206.00.81	Other fermented apple or pear beverages, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 15 per cent by vol.	R145.07/li aa	R149.98/li aa
104.17.16	2206.00.82	Other fermented fruit beverages and mead beverages, including mixtures of fermented beverages derived from the fermentation of fruit or honey, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 15 per cent by vol.	R145.07/li aa	R149.98/li aa
104.17.17	2206.00.83	Other fermented apple or pear beverages, fortified, with an alcoholic strength of at least 15 per cent by volume but not exceeding 23 per cent by vol.	R117.16/li aa	R121.13/li aa
104.17.21	2206.00.84	Other fermented fruit beverages and mead beverages including mixtures of fermented beverages derived from the fermentation of fruit or honey, fortified, with an alcoholic strength of at least 15 per cent by volume but not exceeding 23 per cent by vol.	R117.16/li aa	R121.13/li aa
104.17.22	2206.00.85	Other mixtures of fermented fruit or mead beverages and non-alcoholic beverages, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 15 per cent by vol.	R145.07/li aa	R149.98/li aa

## ADDITIONAL TAX POLICY AND ADMINISTRATIVE ADJUSTMENTS

Table C.4 Specific excise duties, 2025/26 – 2026/27 (continued)

Tariff item	Tariff subheading	Article description	2025/26 Rate of excise duty	2026/27 Rate of excise duty
104.17.25	2206.00.87	Other mixtures of fermented fruit or mead beverages and non-alcoholic beverages, fortified, with an alcoholic strength of at least 15 per cent by volume but not exceeding 23 per cent by vol.	R117.16/li aa	R121.13/li aa
104.17.90	2206.00.90	Other	R292.91/li aa	R302.84/li aa
<b>104.21</b>	<b>22.07</b>	<b>Undenatured ethyl alcohol of an alcoholic strength by volume of 80 per cent vol. or higher; ethyl alcohol and other spirits, denatured, of any strength:</b>		
104.21.01	2207.10	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 per cent vol. or higher	R292.91/li aa	R302.84/li aa
104.21.03	2207.20	Ethyl alcohol and other spirits, denatured, of any strength	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>22.08</b>	<b>Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 per cent vol.; spirits, liqueurs and other spirituous beverages:</b>		
<b>104.23</b>	<b>2208.20</b>	<b>Spirits obtained by distilling grape wine or grape marc:</b>		
<b>104.23</b>	<b>2208.20.1</b>	<b>In containers holding 2 li or less:</b>		
104.23.01	2208.20.11	Brandy as defined in Additional Note 7 to Chapter 22	R263.62/li aa	R272.55/li aa
104.23.02	2208.20.19	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.20.9</b>	<b>Other:</b>		
104.23.03	2208.20.91	Brandy as defined in Additional Note 7 to Chapter 22	R263.62/li aa	R272.55/li aa
104.23.04	2208.20.99	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.30</b>	<b>Whiskies:</b>		
104.23.05	2208.30.10	In containers holding 2 li or less	R292.91/li aa	R302.84/li aa
104.23.07	2208.30.90	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.40</b>	<b>Rum and other spirits obtained by distilling fermented sugarcane products:</b>		
104.23.09	2208.40.10	In containers holding 2 li or less	R292.91/li aa	R302.84/li aa
104.23.11	2208.40.90	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.50</b>	<b>Gin and Geneva:</b>		
104.23.13	2208.50.10	In containers holding 2 li or less	R292.91/li aa	R302.84/li aa
104.23.15	2208.50.90	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.60</b>	<b>Vodka:</b>		
104.23.17	2208.60.10	In containers holding 2 li or less	R292.91/li aa	R302.84/li aa
104.23.19	2208.60.90	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.70</b>	<b>Liqueurs and cordials:</b>		
<b>104.23</b>	<b>2208.70.2</b>	<b>In containers holding 2 li or less:</b>		
104.23.21	2208.70.21	With an alcoholic strength by volume exceeding 15 per cent by vol. but not exceeding 23 per cent by vol.	R117.16/li aa	R121.13/li aa
104.23.22	2208.70.22	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.70.9</b>	<b>Other:</b>		
104.23.23	2208.70.91	With an alcoholic strength by volume exceeding 15 per cent by vol. but not exceeding 23 per cent by vol.	R117.16/li aa	R121.13/li aa
104.23.24	2208.70.92	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.90</b>	<b>Other:</b>		
<b>104.23</b>	<b>2208.90.2</b>	<b>In containers holding 2 li or less:</b>		
104.23.25	2208.90.21	With an alcoholic strength by volume exceeding 15 per cent by vol. but not exceeding 23 per cent by vol.	R117.16/li aa	R121.13/li aa
104.23.26	2208.90.22	Other	R292.91/li aa	R302.84/li aa
<b>104.23</b>	<b>2208.90.9</b>	<b>Other:</b>		
104.23.27	2208.90.91	With an alcoholic strength by volume exceeding 15 per cent by vol. but not exceeding 23 per cent by vol.	R117.16/li aa	R121.13/li aa
104.23.28	2208.90.92	Other	R292.91/li aa	R302.84/li aa

Table C.4 Specific excise duties, 2025/26 – 2026/27 (continued)

Tariff item	Tariff subheading	Article description	2025/26 Rate of excise duty	2026/27 Rate of excise duty
<b>104.30</b>	<b>24.02</b>	<b>Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes:</b>		
<b>104.30</b>	<b>2402.10</b>	<b>Cigars, cheroots and cigarillos containing tobacco:</b>		
104.30.01	2402.10.10	Imported from Switzerland	R5 843.68/kg net	R6 041.72/kg net
104.30.03	2402.10.90	Other	R5 843.68/kg net	R6 041.72/kg net
<b>104.30</b>	<b>2402.20</b>	<b>Cigarettes containing tobacco:</b>		
104.30.05	2402.20.10	Imported from Switzerland	R11.40/10 cigarettes	R11.79/10 cigarettes
104.30.07	2402.20.90	Other	R11.40/10 cigarettes	R11.79/10 cigarettes
<b>104.30</b>	<b>2402.90.1</b>	<b>Cigars, cheroots and cigarillos of tobacco substitutes:</b>		
104.30.09	2402.90.12	Imported from Switzerland	R5 843.68/kg net	R6 041.72/kg net
104.30.11	2402.90.14	Other	R5 843.68/kg net	R6 041.72/kg net
<b>104.30</b>	<b>2402.90.2</b>	<b>Cigarettes of tobacco substitutes:</b>		
104.30.13	2402.90.22	Imported from Switzerland	R11.40/10 cigarettes	R11.79/10 cigarettes
104.30.15	2402.90.24	Other	R11.40/10 cigarettes	R11.79/10 cigarettes
<b>104.35</b>	<b>24.03</b>	<b>Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences:</b>		
<b>104.35</b>	<b>2403.1</b>	<b>Smoking tobacco, whether or not containing tobacco substitutes in any proportions:</b>		
104.35.01	2403.11	Water pipe tobacco specified in Subheading Note 1 to Chapter 24	R321.37/kg net	R332.26/kg net
<b>104.35</b>	<b>2403.19</b>	<b>Other:</b>		
104.35.02	2403.19.10	Pipe tobacco in immediate packings of a content of less than 5 kg	R321.37/kg net	R332.26/kg net
104.35.03	2403.19.20	Other pipe tobacco	R321.37/kg net	R332.26/kg net
104.35.05	2403.19.30	Cigarette tobacco	R512.62/kg	R529.99/kg
<b>104.35</b>	<b>2403.91</b>	<b>"Homogenised" or "reconstituted" tobacco:</b>		
104.35.07	2403.91.20	Imported from Switzerland	R1 069.17/kg	R1 105.40/kg
104.35.09	2403.91.80	Other	R1 069.17/kg	R1 105.40/kg
<b>104.35</b>	<b>2403.99</b>	<b>Other:</b>		
104.35.15	2403.99.30	Other cigarette tobacco substitutes	R512.62/kg	R529.99/kg
104.35.17	2403.99.40	Other pipe tobacco substitutes	R321.37/kg net	R332.26/kg net
104.35.19	2403.99.90	Other	R1 069.17/kg	R1 105.40/kg
<b>104.37</b>	<b>24.04</b>	<b>Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body:</b>		
<b>104.37</b>	<b>2404.1</b>	<b>Products intended for inhalation without combustion:</b>		
<b>104.37</b>	<b>2404.11</b>	<b>Containing tobacco or reconstituted tobacco:</b>		
<b>104.37</b>	<b>2404.11.1</b>	<b>Containing reconstituted tobacco:</b>		
104.37.01	2404.11.11	Imported from Switzerland, put up for retail sale in the form of sticks	R8.55/10 sticks	R8.84/10 sticks
104.37.03	2404.11.13	Imported from Switzerland, other	R1 069.17/kg	R1 105.40/kg
104.37.05	2404.11.15	Other, put up for retail sale in the form of sticks	R8.55/10 sticks	R8.84/10 sticks
104.37.07	2404.11.19	Other	R1 069.17/kg	R1 105.40/kg
<b>104.37</b>	<b>2404.11.9</b>	<b>Other:</b>		
104.37.11	2404.11.91	Put up for retail sale in the form of sticks	R8.55/10 sticks	R8.84/10 sticks
104.37.13	2404.11.99	Other	R1 069.17/kg	R1 105.40/kg
104.37.14	2404.12	Other, containing nicotine	R3.18/ml	R3.29/ml
<b>104.37</b>	<b>2404.19</b>	<b>Other:</b>		
104.37.16	2404.19.10	Containing nicotine substitutes	R3.18/ml	R3.29/ml
104.37.19	2404.19.20	Other, put up for retail sale in the form of sticks	R8.55/10 sticks	R8.84/10 sticks
104.37.21	2404.19.90	Other	R1 069.17/kg	R1 105.40/kg

Source: SARS

## ADDITIONAL POLICY AND ADMINISTRATIVE AMENDMENTS

Additional tax amendments proposed for the upcoming legislative cycle are set out below.

### Individuals, employment and savings

#### *Allowing rollover treatment of capital allowances on allowance assets transferred between spouses*

The Income Tax Act (1962) regulates the transfer of assets between spouses through section 9HB of the act. This provision establishes a rollover mechanism for the transfer of trading stock, livestock and capital assets between spouses. However, the recoupment component of the rollover for allowance assets is not provided for, as section 9HB does not prevent the recoupment of capital allowances in the hands of the transferor spouse under section 8(4)(k) of the act, nor does it allow the transferee spouse to take over the accumulated allowances previously claimed. It is proposed that section 9HB be amended to prevent the recoupment of capital allowances on the transfer of allowance assets between spouses and to provide for the carry-over of accumulated allowances to the transferee spouse.

#### *Limiting the donations tax exemption rules where a spouse ceases to be a tax resident*

Section 56 of the Income Tax Act exempts donations between spouses from donations tax. Government has become aware of tax avoidance arrangements, particularly involving high-net-worth individuals planning to cease to be South African tax residents. The arrangement involves deliberately staggering the cessation of tax residence between spouses where significant assets are transferred to a spouse who has already become non-resident before the remaining spouse ceases residence. In these circumstances, the donations tax exemption applies, while the subsequent cessation of tax residence by the remaining spouse results in a reduced income tax liability under section 9H of the act. These arrangements are designed to avoid both donations tax and the income tax on cessation of residency, undermining the original policy intent of these provisions. It is proposed that the donations tax exemption rules applicable to spouses be limited to donations made to a spouse who is a resident effective from 25 February 2026.

#### *Extending the eligibility for the medical scheme fees tax credit*

Certain statutory medical schemes face regulatory constraints that remove them from the authority of the Council for Medical Schemes. Consequently, individual members of these schemes are not eligible for the medical scheme fees tax credit under section 6A of the Income Tax Act. It is proposed that eligibility for this tax credit be extended to such members, provided that the schemes offer benefits, and adhere to governance and solvency requirements that are at least equivalent to those prescribed under the Medical Schemes Act (1998).

### Retirement provisions

#### *Determining the application of the de minimis limit for multiple living annuities held with the same insurer or fund*

The Income Tax Act allows a living annuity to be commuted and paid as a lump sum when the value of the assets falls below the prescribed *de minimis* limit, currently set at R125 000. This limit is applied on a per-insurer or per-fund basis, depending on whether the living annuity is provided by

the fund or purchased from an insurer, whereby the value of all living annuities held by an annuitant with the same insurer or fund is aggregated when applying the limit. However, differing interpretations of the law exist regarding whether the R125 000 limit applies per policy or cumulatively per insurer or fund. Applying the limit on a per-policy basis could undermine retirement income security by enabling the early commutation of multiple small annuities and facilitating tax-driven restructuring of retirement assets. It is therefore proposed that the definition of “living annuity” in section 1 of the act be amended to explicitly provide that the prescribed *de minimis* limit must be determined cumulatively where an annuitant holds multiple living annuities with the same insurer or fund.

## **Business (general)**

### *Extending the rehabilitation fund regime*

In 2006, government introduced a unified regime for the tax treatment of mining environmental rehabilitation funds with the objective of applying their assets solely for rehabilitation on premature closure, decommissioning, final closure and post-closure coverage of any latent and residual environmental impacts. As a result, under certain conditions, all cash contributions to the mining rehabilitation fund are tax deductible and the growth in the fund is exempt from tax. Like mining operations, nuclear facilities are subject to strict legislative requirements for environmental rehabilitation and decommissioning through adequate financial provisioning to support environmental preservation. It is proposed that the rehabilitation fund regime be extended to allow nuclear facilities to also be eligible for the rehabilitation fund regime.

### *Withdrawing the proposal to align the two different interest limitation rules*

In 2024, the Taxation Laws Amendment Act included amendments to align the formula contained in the rules that limit interest deductions in terms of section 23N of the act with changes that had been introduced to section 23M of the act (formula applicable to interest in respect of debts owed to persons not fully subject to tax). Over the past two years, concerns have been raised that the proposed alignment in section 23N of the act, with an effective date of 1 January 2027, is not necessary given the distinct nature of the rules and transactions to which sections 23M and 23N of the act respectively apply. It is proposed that the 2024 amendment to align the formulas be withdrawn.

## **Business (financial sector)**

### *Aligning short-term insurance taxation with IFRS 17 terminology*

While most of section 28 of the Income Tax Act was updated to reflect International Financial Reporting Standard (IFRS) 17, section 28(3B)(a) was inadvertently omitted from these consequential amendments. Currently, this subsection continues to refer to “liabilities on investment contracts” and “insurance liabilities relating to premiums and claims” using outdated terminology. It is proposed that section 28(3B)(a) of the act be amended to align the deduction with the amounts deducted under subsection (3) or (3A) and included under subsection (4), thereby aligning the tax treatment of insurance liabilities transferred between short-term insurers with the requirements of IFRS 17.

## International

### *Aligning the interaction between controlled foreign company (CFC) inclusion and domestic treasury management company (DTMC) currency translation rules*

Section 9D(6) of the Income Tax Act requires that the net income of a CFC be determined in its functional currency (for example, US dollars). When including the relevant amount in the income of a South African shareholder, this amount must be translated into rands by applying the average exchange rate for the CFC's foreign tax year.

Section 25D(5) of the act, however, provides that where the South African shareholder is a DTMC (for example, with a US dollar functional currency), any amount received in a currency other than its functional currency (such as the rand attribution of an amount of net income) must first be determined in the DTMC's functional currency (US dollars) and thereafter translated back into rands using the average exchange rate applicable to the DTMC's year of assessment. At issue is that the current interaction between section 9D(6) and section 25D(5) of the act may inadvertently create onerous translation requirements, resulting in distortions in the taxable income ultimately reflected in South Africa.

To resolve this anomaly, it is proposed that legislation be amended to ensure that where a DTMC is the resident shareholder of a CFC, section 9(6) of the act does not require the translation of an amount of net income to rands.

## Value-added tax

### *Services rendered to a customs controlled area enterprise (CCA) or special economic zone (SEZ) operator*

Taxpayers requested that the Value-Added Tax (VAT) Act (1991) be amended to reflect the policy position on services rendered in terms of the zero-rating provisions of section 11(2)(k) of the VAT Act. There is confusion about whether all services rendered to a CCA or to an SEZ operator in a customs controlled area are required to be physically rendered therein to qualify for the zero-rating. It is proposed that section 11(2)(k) of the VAT Act be amended to reflect that the services must be physically rendered in the customs controlled area to qualify for zero-rating.

### *Supply of gold to banks*

Refineries rely on pooled contributions from various depositors to achieve the required purity and volume of gold. The input includes low-grade by-products, recycled bullion, previously manufactured gold from jewellery, coins and dental alloys. Section 11(1)(f) of the VAT Act provides for the zero-rating of gold, in specific forms, supplied to the listed entities that has not "undergone any manufacturing process other than the refining thereof or the manufacture or production in order to achieve such specific forms".

It is complex to trace or isolate unprocessed, primary-source gold, and the refined product will likely have both components of primary and secondary gold that have gone through the process of manufacturing. This results in suppliers not being able to comply with section 11(1)(f) of the VAT Act and the South African Revenue Service (SARS) must follow protracted audit procedures to confirm the validity of the application of the zero-rating.

In light of this, it is proposed that section 11(1)(f) of the VAT Act be repealed.

#### *Time period to deduct notional input tax*

A vendor is allowed a notional input tax deduction on the acquisition of second-hand goods when such goods are acquired under a non-taxable supply from a resident of South Africa for the purpose of making taxable supplies in terms of section 16(3) of the VAT Act. When the vendor subsequently exports the second-hand goods, the vendor may apply zero-rating in terms of section 11(1)(a) of the VAT Act unless the supplier of the second-hand goods or a connected person has deducted notional input tax on the acquisition thereof under section 16(3) of the VAT Act. Similarly, in the case of an indirect export by a qualifying purchaser, the VAT Refund Administrator may only refund the qualifying purchaser to the extent that the VAT charged exceeds the notional input tax deduction.

Where the seller had not claimed the notional input tax at the date of sale but obtained a valid and completed VAT 264 as per section 20(8) of the VAT Act, the presumption is that there is an intention to claim the notional input tax at a later stage, so the sale cannot be zero-rated and must be standard rated instead.

The limitation on the refund and the implication on the zero-rating only apply when the supplier claimed the notional input tax, and the supplier has five years to claim the tax. This creates a risk that the fiscus will incur a financial loss if SARS refunds the full amount including the notional input tax portion on the basis that it was not claimed by the seller, and the vendor later claims the notional input tax. It is proposed that section 16(3) of the VAT Act be amended to restrict the deduction of the notional input tax to a tax period not later than the tax period in which the supply of the second-hand goods takes place, subject to the five-year prescription rule.

#### *Electronic services and intermediaries*

The 2024 amendments to section 54(2B) of the VAT Act included the introduction of the concept of a written agreement between the intermediary and the principal supplier. Where a principal makes a supply of electronic services via an intermediary's platform, the intention was to hold the intermediary liable to account for the VAT on the electronic services provided. It has come to government's attention that this poses compliance risks for SARS in that SARS must engage the principal to recover the VAT, and intermediaries may have difficulty in entering into agreements with smaller foreign electronic principals, who are often also most likely to be non-compliant, to account for the VAT on their behalf. It is thus proposed that section 54(2B) of the VAT Act be amended to state that the default situation is that the intermediary accounts for the VAT, unless there is an agreement to the contrary. The joint and several liability will still apply.

#### *Leasehold improvements*

A problem arises where leasehold improvements are supplied for no consideration to a lessor who is not a vendor (for example, a lessor who is below the VAT registration threshold or only makes exempt supplies). The adjustment under section 18C of the VAT Act must be made by a lessor who is a vendor where leasehold improvements are applied for non-taxable purposes. Based on the current wording of the provision, if the lessor is not a vendor, section 18C does not apply. This means that a lessor who is not a vendor will receive the benefit of leasehold improvements in respect of VAT that was effectively not incurred by that lessor. It is proposed that the VAT Act be amended so

that this treatment is no longer restricted to lessors who are vendors and that a specific declaration channel be made available in this regard.

## Carbon tax

### *Refunds for carbon budget compliance*

The 2025 Taxation Laws Amendment Bill provides for refunds of taxes paid on greenhouse gas emissions exceeding the mandatory carbon budgets allocated to companies by the Department of Forestry, Fisheries and the Environment if companies comply with the five-year carbon budget. Stakeholders thought that the wording of the proposed section 17A(2) of the Carbon Tax Act (2019) on the carbon budget refund, which refers to “the immediately preceding tax period”, is unclear and creates uncertainty regarding which tax period is meant. To provide policy certainty to taxpayers and remove any ambiguity in the legislation, it is proposed that the reference to the immediately preceding tax period be deleted.

Furthermore, it is proposed that the legislation clarify that a refund may be claimed in the third year for the first two tax periods and for the remaining tax periods. Therefore, from year three to five, and over the five-year carbon budgeting period, a refund may be claimed in the sixth year. This will address concerns about inaccuracies in the emissions and tax liability assessments for the first two tax periods and over the five-year carbon budgeting period. The proposed amendments will come into effect on a date to be determined by the Minister of Finance.

### *Carbon tax thresholds for 1A4a activities*

Commercial and institutional sector entities have invested in back-up diesel generators to address concerns about load-shedding and electricity supply shortages. The generators are mainly used during supply disruptions for short periods of time and the additional capacity is not fully utilised. Stakeholders are of the view that the cost of complying with the carbon tax is significantly higher than the tax liability of companies falling within this sector. To ease the compliance burden on companies, it is proposed that the capacity-based threshold for the commercial/institutional activity (Intergovernmental Panel on Climate Change code 1A4a) be replaced with an emissions threshold of 25 000 tonnes of carbon dioxide equivalent effective from 1 January 2026.

## Tax administration

### *Customs and Excise Act*

#### *Providing enabling provision relating to Admission Temporaire/Temporary Admission Carnets (ATA Carnets)*

The ATA Carnet system, established under the ATA and Istanbul Conventions, enables the temporary admission of certain goods such as commercial samples, professional equipment and exhibition items into foreign territories without the payment of duties or taxes. Carnets were historically issued in paper form by the National Guaranteeing Associations and manually processed at border posts. The World Customs Organization and the International Chamber of Commerce have launched an electronic ATA Carnet Project, which mandates fully digitised carnets. To ensure that South Africa can implement the new requirements of the international agreement, an amendment to the

Customs and Excise Act is proposed to enable the Commissioner to issue rules relating to the issuing, use and submission of international carnets when goods are temporarily imported or exported.

*Amendments to facilitate the administration of carbon tax refunds*

The insertion of section 17A in the Carbon Tax Act in 2025 provides for a refund where an entity complies with carbon budgets over a five-year period. Carbon tax refunds are administered in terms of the Customs and Excise Act and a two-year prescription period applies for customs and excise refund claims. It is therefore proposed that the Customs and Excise Act be amended to facilitate the administration of carbon tax refunds claimed over a longer period.

*Discretion to exempt non-compliance in relation to rebates in Schedules No. 3, 4 and 6*

Section 75(10) of the Customs and Excise Act gives the Commissioner broad discretion to exempt or condone non-compliance by taxpayers who fail to meet conditions or requirements prescribed by rule or in the notes to Schedules No. 3, 4 and 6 in respect of any goods specified in an item of these Schedules. The modern legislative approach is to move away from broad discretions and provide criteria for the exercise of discretions to enhance clarity and certainty. It is proposed that the discretion be redrafted accordingly.

*Separating carbon fuel levy from general fuel levy*

When the carbon fuel levy was introduced pursuant to the Carbon Tax Act, SARS systems were not designed to facilitate the separate payment of these levies. As a result, the carbon fuel levy applicable to petrol and diesel was included as part of the general fuel levy provided for in Part 5A of Schedule No. 1 to the Customs and Excise Act. Since the implementation of the carbon fuel levy, new tariff items attracting this levy have been introduced by the Taxation Laws Amendment Act (2024). Systems changes were required to accommodate the integration of these new tariff items, and the carbon fuel levy can now be separated from the general fuel levy. It is proposed that a new Part 5C be inserted into Schedule No. 1 of the act to provide separately for the administration of the carbon fuel levy.

*Amendments in relation to electronic heated tobacco products*

Taxing electronic heated tobacco products based on tobacco content (weight) rather than by stick (quantity) is considered a more effective public health strategy because it reduces the industry's ability to control the tax base and encourages healthier consumer choices. It is proposed that the statistical unit of measure "per 10 sticks" be changed to "per kilogram net" for electronic heated tobacco products.

*Income Tax Act*

*Excluding certain exempt entities that are companies from the definition of "provisional taxpayer"*

The definition of "provisional taxpayer" in the Fourth Schedule of the Income Tax Act excludes certain entities that are subject to partial taxation. The exclusion of these entities was mainly aimed at reducing their compliance burden, for example, the difficulty in determining how provisional tax should apply to amounts subject to exemption only up to a specified threshold. In terms of paragraph (b) of the definition of "provisional taxpayer", any company is a provisional taxpayer. It

is thus proposed that fully exempt entities and certain partially exempt entities, which are regarded as companies, should also be excluded from being classified as provisional taxpayers.

*Additional requirement with regard to the obligation to withhold employees' tax for non-resident employers*

The Fourth Schedule of the Income Tax Act was amended by the Tax Administration Laws Amendment Act (2023) to extend the obligation to withhold employees' tax to non-resident employers conducting business through a permanent establishment (PE) in South Africa. It has been argued that this amendment can have anomalous consequences if the employee in question is not also effectively connected to the PE. For example, a non-resident employer with a PE in South Africa could employ a South African resident employee in its home country who does not have any connection to the South African PE. In such circumstances, the non-resident employer would have a withholding obligation in relation to the South African resident employee although employment is not exercised in South Africa. Hence it is proposed that the PE requirement for non-resident employers should be amended to include an additional requirement that the employee is effectively connected to the PE in South Africa.

*Reviewing penalty regime for underestimation of provisional tax*

To trigger the penalty for underestimating provisional tax, a taxpayer must first underestimate their taxable income outside acceptable tolerances. If the taxpayer submits an estimate that is within the acceptable tolerance but pays no provisional tax, the underestimation penalty cannot be imposed. The only penalty applicable in these instances is the lesser late payment penalty. It is proposed that, with effect from 25 February 2026, timely payment of the amount of the estimate be required before it may be relied on. There are existing rules to ensure that there is no duplication of the underestimation and the late payment penalties. Furthermore, the R1 million cap for relying on amounts based on historical assessments, rather than current estimates, will be increased to R1.8 million for years of assessment commencing on or after 1 March 2026.

*Value-Added Tax Act*

*Expanding documentary requirements for second-hand goods*

Second-hand goods remain part of the illicit economy. There is no requirement under the VAT Act or Tax Administration Act (2011) for second-hand goods dealers to be licensed or have documents prescribed under any other relevant acts, such as the Second-Hand Goods Act (2009). The Second-Hand Goods Act seeks "to regulate the business of dealers in second-hand goods and pawnbrokers, in order to combat trade in stolen goods; to promote ethical standards in the second-hand goods trade; and to provide for matters connected therewith".

Section 21 of the Second-Hand Goods Act requires dealers to keep a record in a prescribed form containing certain information, with additional information prescribed under section 24 of that act for dealers in second-hand motor vehicles. To mitigate the risk of fraudulent notional input tax claims, it is proposed that the documentation requirements for second-hand goods vendors under section 20(8) of the VAT Act be extended to those prescribed under the Second-Hand Goods Act and its regulations.

*Additional information required on tax invoice on acquisition of second-hand goods subsequently supplied by vendor*

The zero-rate on exports does not apply to second-hand goods on which the supplier has deducted notional input tax. In this case, the supplier must levy VAT equal to the notional input tax deducted to recoup the notional input tax. Similarly, in the case of an indirect export by a qualifying purchaser, the VAT Refund Administrator may only refund the qualifying purchaser to the extent that the VAT charged exceeds the notional input tax deduction.

To ease compliance for purchasers and administration, it is proposed that section 20 of the VAT Act be amended to require that the tax invoice issued by the supplier on the subsequent supply of second-hand goods on which a notional input tax was claimed must reflect the purchase price paid by the vendor on acquisition and the amount of notional input tax previously claimed.

*Removing distinction between eFilers and non-eFilers*

To encourage vendors to submit returns and make payments electronically, vendors using eFiling are permitted to do so on the last business day of the month in which filing is required, rather than on the 25th of that month. As the vast majority of VAT vendors now make use of eFiling, the objective of increasing uptake has been achieved. Hence, it is proposed that the distinction be removed by creating a single, simplified system requiring all VAT vendors to submit returns and make payments on the last business day of the month.

*Tax Administration Act**Permitting pre- or post-deposit screening of refunds by banks*

The Tax Administration Act requires banks to report suspicious tax refunds to SARS and hold the refunds for up to two business days while SARS investigates. SARS is working with banks to explore screening potential refunds prior to their deposit in taxpayers' accounts. This will expedite legitimate refunds. It is therefore proposed to explicitly permit pre- or post-deposit screening of refunds by banks.

*Interest relief on defaults disclosed during voluntary disclosure application*

In the recent *Medtronic International Trading S.A.R.L* case, the Constitutional Court held that it is not possible to combine a voluntary disclosure application with a request for remission of interest under the various tax acts without legislative authority to this effect.

It is proposed that provision be made to specifically permit applicants for voluntary disclosure relief to simultaneously apply for the separate remission of interest, under the provisions of the relevant tax act, in respect of the defaults disclosed in the voluntary disclosure application. It is further proposed that this amendment take effect from 1 March 2026 to assist potential applicants without affecting existing applications.

*Tax compliance status pending the outcome of a request for remission of penalty*

Section 164(6) of the Tax Administration Act suspends the taxpayer's obligation to pay tax pending SARS' decision on the suspension of payment request. In terms of section 256 of the act, a taxpayer must be indicated as "tax compliant" during this interim period. Section 256 of the act does not provide for a scenario where a taxpayer's obligation to pay tax is automatically suspended pending

the outcome of a request for remission of penalties in accordance with section 215(3) of the act. It is proposed that this anomaly be addressed. It is further proposed that the periods for which a suspension under sections 164 and 215 of the act continues after a request has been rejected by SARS be aligned to 10 business days.

## **Men's Cricket World Cup 2027**

### *Facilitation of event*

Government maintains a standard suite of allowable customs duty rebates, tax dispensations and temporary import exemptions applicable to international sporting events hosted in the country.

In preparation for the Men's Cricket World Cup 2027, which will be jointly hosted in South Africa, Namibia and Zimbabwe, it is proposed that South Africa apply its customs duty rebates and temporary import exemptions for international events to facilitate the import of essential goods such as pharmaceutical products, non-alcoholic beverages, foodstuffs and promotional materials. Temporary import provisions are also available for personal effects, professional equipment and approved machinery or goods for use during the tournament.

In parallel, income-generating activities connected to the event will continue to be governed by South Africa's existing network of bilateral double tax agreements to prevent double taxation for non-resident participants and service providers. Relevant domestic tax provisions, notably paragraph 11(b) of part I of the Ninth Schedule to the Income Tax Act, may also be invoked where appropriate.

## **TECHNICAL CORRECTIONS**

In addition to the amendments described above, the 2026 tax legislation will make various technical corrections, which mainly cover inconsequential items – typing errors, grammar, punctuation, numbering, incorrect cross-references, updating and removing obsolete provisions, removing superfluous text, and incorporating regulations and commonly accepted interpretations into formal law. Technical corrections also include changes to effective dates and the proper coordination of transitional tax changes.

Other technical corrections relate to modifications following the implementation of the tax law. Although tax amendments go through an intensive comment and review process, new issues arise once the law is applied (including obvious omissions and ambiguities). These issues typically arise when tax returns are prepared for the first time after the tax legislation is applied. These technical corrections are limited to recent legislative amendments.

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**D**

**2026 BUDGET REVIEW**  
**PUBLIC-SECTOR  
INFRASTRUCTURE AND  
PUBLIC-PRIVATE  
PARTNERSHIPS UPDATE**



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



## INTRODUCTION

This annexure analyses investment trends, reviews planned public infrastructure spending and provides updates on infrastructure reforms and the status of major capital projects.

High levels of investment in public infrastructure are fundamental to long-term economic growth, service delivery, job creation and climate resilience. Investing in transport and logistics networks, energy systems and digital infrastructure lowers the cost of doing business, raises productivity and improves access to markets. Investments in quality healthcare, education and affordable housing build human capital, reduce inequality and improve living standards. Integrating climate adaptation and resilience into infrastructure planning and delivery safeguards public assets and mitigates the escalating impacts of climate change.

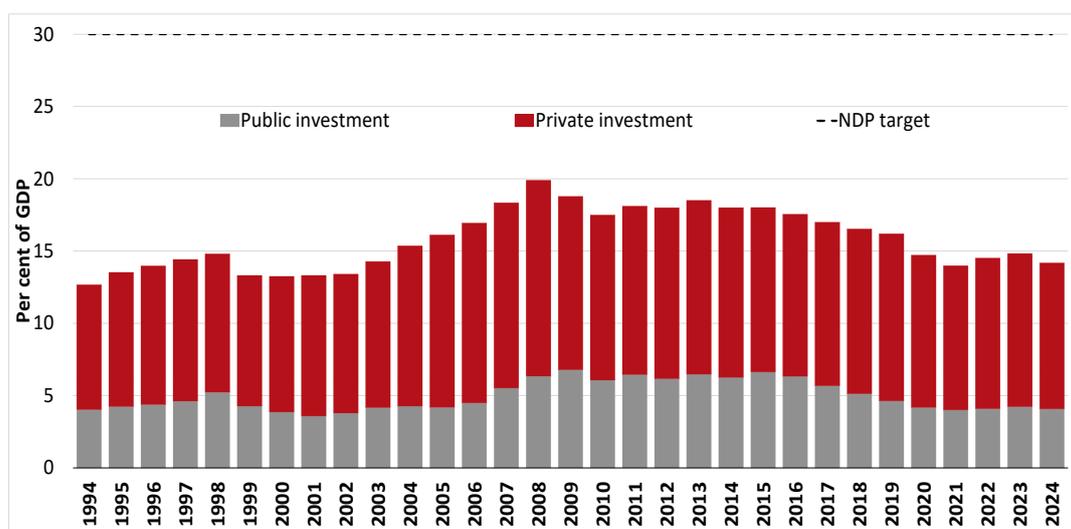
Government has introduced a series of reforms to improve the quantity and quality of infrastructure delivery. The reforms aim to crowd in private-sector finance and technical expertise at scale. They will also strengthen public-sector capability to deliver projects more effectively and efficiently.

## FIXED INVESTMENT TRENDS

Over the past decade, fixed investment has been well below the National Development Plan’s 30 per cent of GDP target. Real gross fixed-capital formation, a measure of fixed investment, declined by 3.9 per cent in 2024 following a 3 per cent increase in 2023. As a share of GDP, fixed investment declined to 14.2 per cent in 2024 from 14.8 per cent in 2023, with private-sector investment accounting for 10.1 per cent of GDP against the public sector’s 4.1 per cent.

Weak economic growth, inefficient public investment management and limited state capacity contributed to weak public investment, while policy uncertainty, supply-side constraints and waning investor confidence contributed to weak private investment. Fixed investment has not returned to pre-COVID-19 levels, as Figure D.1 shows.

**Figure D.1 Public- and private-sector capital investment as a share of GDP, 1994–2024**



Source: South African Reserve Bank

## ANNEXURE D

### PUBLIC-SECTOR INFRASTRUCTURE AND PUBLIC-PRIVATE PARTNERSHIPS UPDATE

Government's budget reforms aim to reverse systemic under-investment in public infrastructure. Capital payments are the fastest-growing item of government expenditure over the medium term. This will improve access to public services, expand the economy's productive capacity and unlock higher private investment.

#### PUBLIC-SECTOR INFRASTRUCTURE SPENDING HIGHLIGHTS

Table D.1 summarises government's infrastructure spending plans for the next three years across all spheres including state-owned companies and other public entities. Public-sector infrastructure spending over the 2026 medium-term expenditure framework (MTEF) period is estimated at R1.07 trillion. State-owned companies continue to be the largest contributor to capital investment, spending a projected R445.5 billion over the next three years. Provinces are expected to spend R217.8 billion on infrastructure over the same period, with municipalities projected to spend R205.7 billion.

Transport and logistics account for the largest share of spending over the next three years, followed by energy, water and sanitation, and social sectors such as health and education.

**Table D.1 Public-sector infrastructure expenditure and estimates**

R billion	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	MTEF
	Outcomes			Revised estimate	Medium-term estimates			Total
Energy	38.7	46.1	50.6	59.2	69.0	74.4	70.3	213.6
Water and sanitation	35.4	27.5	48.6	62.7	61.2	60.8	63.2	185.2
Transport and logistics	86.4	75.1	109.6	130.7	135.8	147.4	134.4	417.6
Other economic services	18.9	48.1	21.4	24.6	21.9	21.9	21.7	65.4
Health	11.9	13.1	13.6	15.8	14.5	14.4	14.6	43.5
Education	21.1	14.5	19.8	19.1	18.7	20.2	19.5	58.5
Human settlements <sup>1</sup>	14.3	21.3	17.2	18.1	15.5	16.2	16.7	48.4
Other social services	3.3	0.5	3.5	4.6	3.7	3.1	3.1	9.8
Administration services <sup>2</sup>	9.0	10.7	7.4	10.5	8.8	9.3	6.3	24.4
<b>Total</b>	<b>238.8</b>	<b>256.9</b>	<b>291.7</b>	<b>345.2</b>	<b>349.0</b>	<b>367.6</b>	<b>349.7</b>	<b>1 066.4</b>
National departments	13.2	14.2	13.8	16.1	12.8	13.6	13.8	40.2
Provincial departments	60.1	73.2	71.5	78.9	74.1	71.6	72.2	217.8
Local government	64.7	56.8	72.0	71.0	68.9	67.4	69.5	205.7
Public entities <sup>3</sup>	26.8	26.4	25.9	40.2	41.9	46.9	43.1	131.9
Public-private partnerships	6.0	6.8	7.1	7.8	8.2	8.3	8.7	25.2
State-owned companies <sup>3</sup>	67.9	79.4	101.4	131.2	143.2	159.9	142.4	445.5
<b>Total</b>	<b>238.8</b>	<b>256.9</b>	<b>291.7</b>	<b>345.2</b>	<b>349.0</b>	<b>367.6</b>	<b>349.7</b>	<b>1 066.4</b>

1. Human settlements includes public housing and bulk infrastructure amounting to R48.4 billion over the MTEF period

2. Administration services include infrastructure spending by the departments of International Relations and Cooperation, Home Affairs, and Public Works and Infrastructure, and Statistics South Africa and their entities

3. Public entities are financed by capital transfers from the fiscus and state-owned companies are financed from a combination of own revenue and borrowings

Source: National Treasury

**Table D.2 Public-sector infrastructure budgets and underspending**

R billion	2022/23		2023/24 Outcome		2024/25		2025/26 Estimates	
	Budget	Under- spending	Budget	Under- spending	Budget	Under- spending	Budget	Under- spending
National departments	17.5	-24.5%	15.3	-7.0%	14.3	-3.6%	15.0	7.3%
Provincial departments	61.0	-1.6%	69.3	5.6%	63.4	12.7%	75.5	4.5%
Local government	63.0	2.7%	61.4	-7.4%	67.9	6.0%	67.7	4.9%
Public entities	27.3	-1.7%	31.2	-15.4%	32.7	-20.7%	45.3	-11.2%
Public-private partnerships	7.1	-15.1%	7.1	-4.3%	6.3	12.2%	7.9	-1.3%
State-owned companies	73.6	-7.7%	79.3	0.2%	112.9	-10.2%	126.0	4.1%
<b>Total</b>	<b>249.5</b>	<b>-4.3%</b>	<b>263.6</b>	<b>-2.6%</b>	<b>297.5</b>	<b>-2.0%</b>	<b>337.4</b>	<b>2.3%</b>

*The negative percentages indicate underspending*

*Source: National Treasury*

In 2025/26, the public sector is expected to reverse the pattern of underspending reported in previous years and there are early signs of stronger execution. Underspending narrowed to R5.8 billion in 2024/25 from R6.7 billion in 2023/24. As government continues to shift the composition of spending towards growth-enhancing infrastructure, the focus is on improving value for money and the quality of spending. This includes addressing project delays, cost overruns and poor construction quality, which reflect weak planning and preparation, rigid and lengthy procurement processes, wasteful expenditure, weak contract management and disruptions linked to business forums.

Over the medium term, government's reforms aim to improve project readiness and ensure that capital allocations translate into timely and durable infrastructure outcomes.

## SECTOR UPDATES

### Transport and logistics

Investment in the transport and logistics sector is focused on upgrading roads infrastructure and restoring passenger and freight rail networks.

Over the next three years, Transnet plans to invest R76.6 billion to improve the efficiency and reliability of the logistics value chain. This investment will support greater private-sector participation across the iron ore and manganese, coal and chrome, and container and automotive intermodal corridors.

The Passenger Rail Agency of South Africa will prioritise the mega-signalling programme to modernise and restore rail signalling and telecommunications infrastructure. This programme will systematically replace obsolete and vandalised signalling assets. It will also introduce modern, technology-driven systems essential to improve safety, increase train frequencies and expand network capacity. The programme also underpins the rolling stock fleet renewal programme.

The South African National Roads Agency Limited will invest in toll and non-toll roads ensuring long-term network resilience, improved road infrastructure quality and enhanced mobility and economic connectivity.

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The *provincial roads maintenance grant* is allocated R54.2 billion over the same period to rehabilitate, reseal and re-gravel roads.

## Energy

Generation capacity is being expanded, battery storage is being increased and the transmission network is being strengthened to improve security of supply and mobilise private investment.

The *Renewable Energy Independent Power Producer Procurement Programme* has to date delivered signed agreements for 9 771 megawatts (MW) of new renewable energy generation and battery energy storage capacity, and 1 005 MW of peaking power capacity. The total committed investment associated with these projects amounts to R298.9 billion, of which R9.7 billion relates to peaking power projects.

Since April 2025, eight projects have reached commercial operation, adding 800 MW to the grid. By the end of December 2025, a total of 7 741 MW of contracted capacity was operational, including peaking capacity. A further 1 610 MW was under construction at end-December 2025, with these projects expected to reach commercial operation between 2026 and 2028.

Under the *Risk Mitigation Independent Power Producer Procurement Programme*, three projects totalling 150 MW were fully operational by end-December 2025 and further capacity is under construction.

Under the fifth bid window, six projects totalling 645 MW reached commercial operation in 2025, while a further five projects with 514 MW capacity were under construction. Under the sixth bid window, two projects totalling 360 MW were under construction and four projects totalling 640 MW were finalising conditions ahead of financial closure. The seventh bid window procured 18 bidders with a total capacity of 3 940 MW of solar photovoltaic projects to be developed across the Limpopo, Free State, North West and Mpumalanga provinces.

Under the first battery storage bid window, five preferred bidders with a combined capacity of 513 MW entered the construction phase, with the final project reaching commercial close during 2025. Under the second and third storage bid windows, eight projects totalling 615 MW and five projects totalling 616 MW, respectively, were progressing towards commercial close as at the end of December 2025.

Government issued the request for pre-qualification stage of the first phase of the *Independent Transmission Projects Procurement Programme* on 31 July 2025 to deliver about 1 164 kilometres of new transmission infrastructure. Seven pre-qualified bidders were appointed following an independent evaluation process. A draft request for proposals was issued to the seven bidders and the final request for proposals will be released in the third quarter of 2026/27.

An amended request for proposals for the first bid window of the *Gas Independent Power Producer Procurement Programme*, aimed at procuring 2 000 MW of new gas-fired generation capacity, together with ancillary services and energy output, was issued on 20 October 2025. The bid submission deadline has been set for 29 May 2026.

## Water and sanitation

Investments in the water and sanitation sector are directed towards high-impact bulk water augmentation schemes, refurbishment of existing infrastructure and strategic projects serving economic nodes and households.

The second phase of the Lesotho Highlands Water Project is under way. The Trans-Caledon Tunnel Authority (TCTA) has raised R24 billion towards the revised total estimated capital investment of R53.3 billion, which includes delivering water to South Africa. Construction is under way on the three main contracts: the Polihali Dam, the Polihali to Katse Dam transfer tunnel, and the Senqu Bridge. Construction progress on the Polihali Dam exceeds 35 per cent, while progress on the transfer tunnel is above 45 per cent. Both components remain below planned baselines due to contractor performance and challenging ground conditions. The latest projected completion window for the project is between September 2029 and June 2031, with tunnel completion expected between December 2028 and February 2030, and first water delivery projected in 2029/30.

The second phase of the Mokolo-Crocodile River Water Augmentation Project is scheduled for completion in 2030, with an estimated capital investment of R12.3 billion. The scheme will supply about 75 million cubic meters of water annually, supporting the needs of surrounding communities and water requirements for Medupi Power Station's flue gas desulphurisation. TCTA has secured funding through a blended finance structure.

The uMkhomazi Water Augmentation Project is scheduled to be completed by 2032, with an estimated capital investment of R24 billion supported by a R12 billion allocation from the Budget Facility for Infrastructure (BFI). In addition, credit enhancement mechanisms are being applied to crowd in private-sector investment.

The second phase of the *Olifants Management Model Programme* is scheduled for completion by 2030, with capital investment estimated at R25 billion. The Department of Water and Sanitation has appointed Badirammogo Water User Association as an implementing agent for this phase. The BFI will provide half of the funding for the pipeline from Flag Boshielo Dam to the Sekuruwe water treatment works in Mogalakwena. Phase 2D and 2F have also been approved for funding through the BFI over the medium term, supporting the phased rollout of bulk water infrastructure.

The Berg River-Voëlvllei Augmentation Scheme is scheduled for completion by 2027, with an estimated capital investment of R1.1 billion. TCTA, as the implementing agent, reached financial close in June 2025, supported by government guarantees and loan facilities from development finance institutions and commercial banks.

## Digital infrastructure

Investment in digital infrastructure strengthens national research capability, enables data-intensive innovation and expands broadband connectivity.

Implementation of the Square Kilometre Array (SKA) project in the Northern Cape continues to advance. Government has allocated R1.3 billion to the South African Radio Astronomy Observatory

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for the data-hosting infrastructure, which will be delivered over the 2026 MTEF period, providing the core backbone of the SKA's scientific capabilities.

An additional allocation of R5 billion has been made for new radio dishes, which will be integrated with existing dishes to form an operational array of 137 dishes over the next five years.

The South African National Space Agency is implementing the first phase of the Space Infrastructure Hub. The project will expand South Africa's capabilities in the space value chain through the development of new earth observation and space weather satellites, alongside increased ground station capability and upgraded data centres. The civil design and engineering work and the definition of technical requirements are at an advanced stage.

The SA Connect Phase 2, supported by a R3 billion allocation, will be completed in 2025/26, prioritising unserved and underserved communities and government facilities. The project will deploy about 1 180 kilometres of fibre infrastructure to expand broadband coverage to about 5.6 million households through community Wi-Fi hotspots. In addition, upgrades to the network led by the State Information Technology Agency will extend connectivity at 6 343 government facilities.

### Human settlements

Over the next three years, the *urban settlements development grant* will invest R9.1 billion in critical bulk infrastructure within metropolitan municipalities for sustainable housing delivery. An amount of R41.4 billion will be allocated through provincial transfers under the grant to support the delivery of 160 572 fully subsidised housing units.

### Health

Investment in the health sector continues to prioritise repairing, refurbishing and upgrading of existing facilities, alongside the construction of new infrastructure to address critical service delivery gaps. Over the medium term, R24.3 billion will be invested in health infrastructure through the *health facility revitalisation grant*.

The 488-bed Limpopo Central Hospital in Polokwane is scheduled for completion in 2028. This tertiary referral hospital will provide specialised medical services for the province.

Progress has also been made on replacing the 224-bed Siloam Hospital in Limpopo, with the first two phases completed. The third phase, which involves constructing the main hospital building, will be completed this year.

Other health infrastructure projects include the construction of the Klipfontein and Belhar hospitals in the Western Cape; the revitalisation of Bambisana and Zithulele regional hospitals in the Eastern Cape; and upgrades to Dihlabeng Regional Hospital in the Free State.

### Education

The *school infrastructure backlogs grant* will be incorporated into the *education infrastructure grant* from 1 April 2026 to enhance efficiency, strengthen provincial oversight and accelerate delivery. The 14-year-old *school infrastructure backlogs grant* has replaced 340 inappropriate structures and provided water to 1 272 schools, safe and appropriate sanitation to 2 811 schools, electricity to

373 schools and 67 additional classrooms to address overcrowding at a total cost of R23 billion. Over the medium term, the *education infrastructure grant* is allocated R50.4 billion.

In the post-school education and training sector, R2.1 billion is allocated over the medium term to upgrade technical training workshops and maintain and modernise equipment across all 50 technical and vocational education and training colleges.

Over the same period, R3.9 billion is set aside for university infrastructure projects, including the delivery of 6 004 additional student beds, construction of new medical school facilities, and the refurbishment and maintenance of lecture halls and workshops.

## **PUBLIC-SECTOR INFRASTRUCTURE REFORMS**

The National Treasury is implementing reforms to strengthen public investment management and unlock private-sector participation.

### **Review of infrastructure delivery ecosystem and crowding in private-sector investment**

A review by the National Treasury found that fragmentation of institutions, resources and technical capacity contributed to inefficiencies across the project life cycle, resulting in higher costs, duplication of effort and extended gestation periods for major capital projects.

The review proposed establishing a centralised gateway for large infrastructure projects to ensure coherent oversight and reduce delays. It also recommended rationalising the proliferation of guidelines, investing in training for officials and developing a centrally published dashboard of bankable projects to support improved transparency and coordination with financiers.

A core conclusion was that project preparation, appraisal and selection should be located in a single institutional home, supported by appropriate ethical rules to manage potential conflicts of interest.

In line with these recommendations, the National Treasury has established the Infrastructure Finance and Implementation Support Agency (IFISA). The agency combines the Public-Private Partnerships (PPP) and the Capital Projects Appraisal units of the Government Technical Advisory Centre, the *Neighbourhood Development Partnership Programme* of the National Treasury and the Infrastructure Fund. IFISA is mandated to mobilise private finance and expertise to reduce reliance on the fiscus and improve risk allocation in infrastructure delivery.

The agency will provide effective procurement support, project management, and information and data management to improve spending and delivery outcomes. It will be housed at the Development Bank of Southern Africa and will start operating on 1 April 2026.

### **Improving transparency in infrastructure delivery and reporting**

The infrastructure reporting model aims to enhance transparency and uniformity by providing project details so that infrastructure budgets can be analysed and spending reviewed across all spheres of government. The Department of Higher Education and Training has successfully

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implemented the model across all 66 public higher education institutions, ensuring consistent, standardised and transparent reporting of infrastructure performance across the sector.

The National Treasury will help to extend implementation of the model to 10 more national departments over the medium term. The infrastructure reporting model is also being piloted in local government, with six municipalities identified to test the local government prototype.

### **Reforming government borrowing for infrastructure**

Government has taken a significant step to create a market for infrastructure financing as a standalone asset class, broadening the pool of investors and deepening domestic capital markets. The inaugural issuance of a sovereign infrastructure and development finance bond, in December 2025, raised R11.8 billion, amid strong investor appetite.

This initiative complements existing measures to raise infrastructure finance on a project-by-project basis, including through bilateral loans and concessional funding.

### **Budget Facility for Infrastructure**

The BFI was reconfigured in 2025 to run quarterly windows rather than the previous annual cycles. All BFI-approved projects are subject to strict conditions to ensure effective and efficient delivery. These conditions reinforce sound project management practices, robust governance arrangements and disciplined financial management, safeguarding value for money and strengthening the credibility of the project portfolio.

In the first three submission windows of 2025/26, 42 projects with a combined capital cost of R438.8 billion were received. Of these, 10 projects were accepted into the pipeline, while the remainder were either referred to preparation facilities for further development or returned to sponsors for reconsideration.

Table D.3 lists projects approved for funding in the current financial year to date. Evaluation of submissions in quarters three and four is still under way.

**Table D.3 2025 BFI approved**

Institution	Project	Approved funding (R million)	2025/26 (R million)	2026/27 (R million)	2027/28 (R million)	2028/29 (R million)	MTEF (R million)
South African Radio Astronomy Observatory	Square Kilometre Array Project (Mid AA)	4 977	–	1 000	1 000	1 000	3 000
City of Polokwane	Polokwane Regional Wastewater Treatment Works Project	2 119	–	688	870	561	2 119
Transnet	North Corridor Reinstatement Project	6 769	4 937	1 832	–	–	1 832
Transnet	Iron Ore Corridor	3 396	3 396	–	–	–	–
Transnet	Durban Container Terminal	4 593	1 020	–	–	–	–
<b>Total</b>		<b>21 854</b>	<b>9 353</b>	<b>3 520</b>	<b>1 870</b>	<b>1 561</b>	<b>6 951</b>

Source: National Treasury

A circular for 2026/27 has been published with the submission timelines for the fiscal year.

## Infrastructure Fund

Since it was established in 2019, the Infrastructure Fund has supported the packaging and financial structuring of 26 blended finance projects with a combined capital value of R130.8 billion. Table D.4 highlights some of the key projects and programmes. The Infrastructure Fund has secured R51.3 billion from the BFI to support these projects and will crowd in R67.3 billion in private capital as projects progress towards financial close. The Infrastructure Fund will be consolidated into IFISA.

**Table D.4 Blended finance projects**

Sector	Project	Quantity <sup>1</sup>	Capital costs (R million)	Approved BFI (R million)	Expected private-sector funding (R million)	Other grants/equity (R million)	Progress to date
Human settlements	Goodwood Station Social Housing Project	1 055 units	457	152	–	305	Operations
Human settlements	Midrand Heights Social Housing Project	305 units	191	65	–	126	Construction
Human settlements	Lufhereng Mixed Use Development Project	32 000 units	7 700	3 400	2 150	2 150	Construction
Water and sanitation	Phase 1: Olifantspoort and Ebenezer Water Supply Programme	20 075 ML	4 600	1 400	2 000	1 200	Construction
Water and sanitation	Phase 1: uMkhomazi Water Augmentation Project	300 000 ML	24 000	12 000	12 000	–	Financing
Water and sanitation	Moretele North Klipvoor Bulk Water Supply Scheme	15 330 ML	5 200	1 900	2 600	700	Construction
Water and sanitation	Pilanesberg Bulk Water Supply Scheme	45 990 ML	2 900	1 800	1 100	–	Construction
Water and sanitation	Olifants Management Model Programme Phase 2B and 2B+	95 995 ML	8 530	2 400	5 659	471	Construction
Water and sanitation	eThekweni Non-Revenue Water	22 266 ML	1 100	370	169	561	Procurement

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**Table D.4 Blended finance projects (continued)**

Sector	Project	Quantity <sup>1</sup>	Capital costs (R million)	Approved BFI (R million)	Expected private-sector funding (R million)	Other grants/equity (R million)	Progress to date
Water and sanitation	Olifants Management Model Programme Phase 2D and 2F <sup>2</sup>	95 995 ML	7 000	3 200	3 500	300	Financing
Water and sanitation	Polokwane Regional Wastewater Treatment Programme: Phase 2	20 ML	3 000	2 118	–	882	Procurement
Transportation	Ports of Entry	6 land ports	12 500	–	12 500	–	Procurement: Negotiations with preferred bidder
Transportation	Cape Town Container Terminal	1 400 000 TEU	3 300	1 379	–	1 921	Financing
Transportation	Coal Export Line Infrastructure Restoration Programme	20 Mtpa	14 688	6 769	7 919	–	Financing
Transportation	Ore Corridor Infrastructure Restoration Programme	9 Mtpa	7 853	3 393	4 460	–	Financing
Transportation	Durban Container Terminal Pier 2: Berth 203 to 205	1 Mtpa	10 227	4 593	5 634	–	Financing
Energy	City of Johannesburg Alternative Waste Technology Treatment	500 000 TPA solid waste	5 740	1 600	3 040	1 100	Procurement: Preparing to issue procurement documentation
Health	Tygerberg Central Hospital	893 beds	10 370	2 300	7 500	570	Procurement: Preparing procurement documentation

1. The quantity for human settlements is units, the quantity for health is beds, the quantity for water and sanitation is megalitres per annum (ML), the quantity for energy is tons per annum (TPA) and the quantity for transportation is million tons per annum (Mtpa) and twenty-foot equivalent units (TEU)

2. Phase 2D and 2F are designed to take the full capacity of water as was catered for in the existing Phase 2C pipeline. They will not be counted as part of the total to avoid double counting

Source: Infrastructure Fund

## PUBLIC-PRIVATE PARTNERSHIPS

### Implementing recommendations from the PPP review

The National Treasury is continuing to implement the recommendations from the 2019 comprehensive review of the PPP regulatory framework. The amended National Treasury Regulation 16 came into effect on 1 June 2025, introducing reforms aimed at simplifying procedural requirements, addressing regulatory gaps and clarifying institutional roles.

Complementing the amended regulations, the new fiscal commitments and contingent liabilities (FCCL) guideline and unsolicited bid proposal (USP) guideline took effect on 31 October 2025. These guidelines provide the operational framework necessary to give effect to the updated regulatory provisions.

The FCCL guideline introduces a more rigorous and standardised approach to assessing fiscal risks; ensuring consistent, transparent reporting across institutions; and enhancing governance mechanisms for monitoring FCCLs throughout the project life cycle.

The USP guideline provides clarity on:

- The categories of PPP projects eligible for unsolicited proposal consideration.
- The required format, documentation and standard for submissions.

- The procedures for assessing, managing and approving USPs in alignment with competitive market principles.

These measures are designed to promote the development of a robust pipeline of PPP projects by enabling earlier identification, prioritisation and preparation of opportunities. They also aim to strengthen institutional capacity by drawing on private-sector expertise and technical capabilities, addressing skills gaps and improving government's ability to deliver complex infrastructure projects.

To support implementation of the regulatory amendments, the National Treasury is updating the PPP manual to incorporate new requirements and reflect the modules identified for revision in the PPP review.

In addition, sector-specific PPP toolkits are being developed in key priority sectors, including water and sanitation, human settlements and transport. This work will be completed later in the year.

Amendments to Municipal PPP Regulation 309 remain under way. Due to the additional procedural requirements, including the requirement to solicit concurrence from the Department of Cooperative Governance and Traditional Affairs and the mandatory parliamentary consultations, the new regulations will be finalised by 30 June 2026. Table D.5 highlights some public comments received in response to the published amendments.

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**Table D.5 Summary of municipal PPP regulatory amendments and stakeholder feedback**

Municipal amendment	Purpose	Public comment
Regulation 1: Definitions "Preferred bidder"	The purpose of inserting a new definition of 'preferred bidder' into the regulation is to provide a clear descriptor in the context of the procurement process as well as expanding the definition to include bidding consortium	The comment supports the inclusion of 'bidding consortium' in the definition but notes that it does not regulate control or changes in the consortium's composition
Regulation 1: Definitions "PPP Advisory Unit"	The purpose of inserting a new definition of 'PPP Advisory Unit' into the regulations is to provide a clear descriptor of the functions and powers, which is primarily to advise and support institutions in the procurement, implementation and management of PPPs	The definition of PPP Advisory Unit needs to be revised for the municipal PPP context to avoid confusion
Regulation 1: Definitions "Total project cost"	The aim of the definition of 'total project cost' in the regulations is to provide a clear and standardised understanding of the term within the context of PPPs This amendment aims to enhance clarity and consistency in the interpretation of 'total project cost' in the context of determining the threshold for low-value projects	One comment proposed increasing the threshold for low-value projects. Another recommended expanding the definition to include life-cycle costs
Regulation 3(1) Additional matters to be regulated in feasibility study	The purpose of the additions to the regulation is to provide for additional assessments that are currently contained in section 78(3) of the Municipal Systems Act (MSA) This amendment aims to enhance the required assessment pertaining to PPPs as a mechanism to provide a municipal service	The comment highlights the overlap between the provisions in the MSA and MFMA
Regulation 4(3)(2) Procurement of public-private partnership agreements	The purpose of amending the regulation is to eliminate the requirement for compliance with section 33(1)(a) of the Municipal Finance Management Act (MFMA) in the context of awarding PPP agreements  This regulatory amendment is necessary following the proposed amendments to the MFMA to exclude the PPPs from section 33 of the MFMA	The comment notes that the regulation introduces a provision that exempts PPPs from the consultative requirements set out in section 33 of the MFMA
Regulation 4: Insertion of sub-paragraphs (5), (6) and (7) Procurement of public-private partnership agreements	The purpose of the insertions to the regulation is to add a framework that drives municipalities to continue with PPP procurement once commenced, and to dissuade abandonment of a procurement process when the relevant indicators for the project remain in place This insertion aims to provide clear guidelines for the initiation and continuation of municipal PPP projects based on specific indicators, ensuring responsible management of public funds and resources and commitment to closing out procurement process relating to PPPs	The comments related to further recourse of projects that are abandoned, with no specific proposition of the recourse. The need to harmonise the draft regulation with Public Procurement Act has been proposed The comment highlights the need for defined procurement timelines to ensure that projects progress as intended
Regulation 4: Insertion of sub-paragraph (8) Procurement of public-private partnership agreements	The purpose of the insertion is to establish a mechanism for exempting projects falling below a certain money quantum threshold  This regulatory addition aims to simplify and expedite the approval process for smaller projects	Support the provision

Source: National Treasury

**PPP PROJECTS GOING TO THE MARKET**

There are 63 PPP projects at different stages of development: 17 projects are in the inception phase, 32 are in the feasibility study phase and 14 are in the procurement stage. PPPs offer a viable alternative for public entities to undertake projects even in a fiscally constrained environment.

Details of some of the advanced projects include:

### **Redevelopment of Ports of Entry Project**

The R12.5 billion project aims to ease congestion, enhance regional trade and upgrade infrastructure at six inland borders that South Africa shares with its neighbouring countries. The Department of Home Affairs will enter into PPP agreements with private parties to design, build, operate and finance the redevelopment of the identified ports of entry.

The department, with the support of the Border Management Authority and others, has completed the evaluation of proposals received. Following the approval of the bid evaluation report in the second quarter of 2025/26, final negotiations with the selected preferred bidder(s) are under way. On successful conclusion of the negotiations process, an application to the National Treasury for approval of the final agreement is expected in the next financial year.

### **Gautrain Rapid Rail Link System**

The Gautrain Rapid Rail Link System is an 80-kilometre rapid rail system in Gauteng, connecting the cities of Johannesburg, Tshwane and Ekurhuleni. The current concession agreement expires in March 2026. The provincial government is procuring a new concessionaire to ensure uninterrupted service while enhancing the quality, affordability, accessibility and sustainability of the system. The project completed the bid evaluation stage in the third quarter of 2025/26 and the National Treasury granted approval on 10 November 2025 for the Gautrain Management Agency to begin negotiations with the preferred bidder. Once the negotiations are concluded, an application for the final agreement will be submitted to the National Treasury for approval. This is expected to be completed in the first half of 2026. In the interim, negotiations are under way with the current operator to continue operations until a new concessionaire is secured.

### **City of Johannesburg Alternative Waste Treatment Technology Project**

The Alternative Waste Treatment Technology project entails designing, building, financing, maintaining and operating a recycling plant and the waste-to-energy facility located at the Robinson Deep landfill site through a proposed PPP arrangement with a potential private company.

The project has progressed beyond the procurement documentation stage, and the city will issue the procurement documents to the market in this financial year.

## **CONTINGENT LIABILITIES**

When government guarantees a transaction or a loan, it effectively undertakes that it will provide financial support to the parties or the lenders in the event that the parties or the borrowers default on their obligations or fail to honour their contracts. Contingent liabilities quantify the risk that government faces if those risks materialise. All national and provincial PPP agreements are guaranteed by the Minister of Finance, which creates contingent liabilities for the national fiscus. These need to be managed, monitored and reported on to ensure fiscal stability and transparency.

The National Treasury approves all contingent liabilities associated with national or provincial PPP projects at the final agreement stage before government signs a PPP contract. This is the final check to validate that the transaction provides good value for money, is affordable and appropriately allocates risks.

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Contingent liabilities can fall into several categories depending on the cause of contract termination, whether due to private-sector default, government default or force majeure. Compensation levels vary by category, but termination arising from government default generally results in the highest exposure. Table D.6 outlines the potential termination amounts for national and provincial departments and public entities, with total contingent liabilities amounting to R7.6 billion in 2025/26.

**Table D.6 Contingent liabilities by category<sup>1</sup>**

R million	Termination for private party		Termination for force majeure		Termination for government default	
	2024/25	2025/26	2024/25	2025/26	2024/25 <sup>2</sup>	2025/26
National departments' exposure	1 719.5	1 275.9	2 858.1	2 507.4	3 386.9	2 891.5
Provincial departments' exposure	157.2	80.5	90.3	81.7	1 237.9	234.6
Public entities' exposure	184.5	156.8	156.4	133.0	231.7	197.0
<b>Total</b>	<b>2 061.2</b>	<b>1 513.2</b>	<b>3 104.8</b>	<b>2 722.1</b>	<b>4 856.5</b>	<b>3 323.1</b>

1. Municipal liabilities are excluded because the MFMA requires that these be reported at the municipal level rather than through national or provincial accounts

2. The 2024/25 termination for government default has been recalculated using revised project information and is therefore not comparable with the previous publication

Source: National Treasury

Estimated contingent liabilities payable in the event of government default have reduced from R4.9 billion in 2024/25 to R3.3 billion in 2025/26. The reduction was anticipated as government continues to settle outstanding debt and equity obligations owed to the private sector in line with contractual requirements and the natural expiry of PPP project terms. Two projects, namely the current Gautrain Rapid Rail Link PPP project and the Humansdorp District Hospital Co-location PPP project, have reached the end of their contractual periods, resulting in the full settlement of their debt obligations and a consequent reduction in government exposure. This has contributed to the substantial decrease in government default-related termination risks.

National departments constitute the largest share of exposure, amounting to R2.9 billion in 2025/26, with head office accommodation projects being the primary drivers of contingent liabilities. Government mitigates risks associated with PPP contingent liabilities through ongoing monitoring of contractual performance by all parties and the enforcement of applicable regulatory provisions.

As private-sector participation in infrastructure delivery expands, a strengthened fiscal risk framework is critical to safeguarding the sustainability of public finances. Accordingly, all institutions are now mandated to comply with enhanced FCCL reporting obligations to ensure accurate disclosure of fiscal exposures and support evidence-based decision-making.

To further reinforce these requirements, the National Treasury has developed a long-term fiscal planning tool to assist institutions in evaluating and reporting their long-term financial commitments and contingent liabilities. Training on the use of this tool will be rolled out during 2026/27 to ensure consistent and effective adoption across the public sector.

## MAJOR CAPITAL PROJECTS

Tables D.7 and D.8 summarise major public infrastructure projects, some of which are PPPs and others which are blended finance and social in nature.

**Table D.7 Project pipeline**

Project name	Sector	Project description	Estimate of potential total investment (R million)	Stages of development
Lanseria Wastewater Treatment Works PPP Project	Water and sanitation	The project entails the planning, design and implementation of the Lanseria wastewater treatment works and associated bulk outfall sewer. The objective is to construct and commission a 50 MI/day (MI/d) module as part of a programme to deliver 150 MI/d	3 454	Feasibility study for the PPP under way
Beitbridge - Musina Water Transfer Scheme	Water and sanitation	The project entails the construction of a pipeline of about 20km crossing the Limpopo River from Beitbridge to Musina with bidirectional capacity to transfer 41 MI/d of treated water from Beitbridge water treatment works to the terminal reservoirs in Musina	2 000	Feasibility study under way
Ngqura Manganese Export Terminal Project	Transport and logistics	The project entails the development of a 16 million ton per annum (mtpa) manganese export facility at the port of Ngqura to complement 6mtpa from the port of Saldanha to cater for projected demand of 22mtpa	10 000	Feasibility study completed; preparing for BFI submission
Macassar Wastewater Treatment Works	Water and sanitation	The project seeks to increase the wastewater treatment capacity within the Macassar sewerage catchment to meet both current and future demand through the refurbishment and extension of the wastewater treatment works	4 000	Feasibility study completed; preparing for BFI submission

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# PUBLIC-SECTOR INFRASTRUCTURE AND PUBLIC-PRIVATE PARTNERSHIPS UPDATE

**Table D.7 Project pipeline (continued)**

Project name	Sector	Project description	Estimate of potential total investment (R million)	Stages of development
Port of Ngqura Liquid Bulk A100	Transport and logistics	The project entails the construction of new liquid bulk berth and basin capital dredging infrastructure required to catalyse private sector to invest in new bulk storage capacity and associated infrastructure	3 039	Feasibility study completed; preparing for BFI submission
SAEx East Subsea Fibre-Optic Cable Phase 1 Project	Information and communication technology	SAEx East is a 11 700 km subsea cable between Cape Town and Singapore	12 465	Feasibility study under way
Container Corridor Project	Transport and logistics	Rail modernisation and restorative project to uplift slot capacity and volumes on the Container Corridor (rail track, formation and signal upgrades) for the short-term positioning of the corridor for private-sector participation (PSP) under rail reform	4 700	Feasibility and associated studies being finalised
Central Corridor Project	Transport and logistics	Rail modernisation and restorative project to uplift slot capacity and volumes on the Central Corridor (rail track, formation, and signal upgrades) for the short-term positioning of the corridor for PSP under rail reform	4 300	Feasibility and associated studies being finalised
Cape Corridor Project	Transport and logistics	Rail modernisation and restorative project to uplift slot capacity and volumes on the Cape Corridor (rail track, formation and signal upgrades) for the short-term positioning of the corridor for PSP under rail reform	4 200	Feasibility and associated studies being finalised
Liquefied Natural Gas (LNG) Richards Bay	Transport and logistics	Development of an LNG import terminal at the Port of Richards Bay in KwaZulu-Natal. The project aims to strengthen energy security, support gas-to-power developments, and diversify the country's energy mix	2 200	Feasibility and associated studies being finalised
Northeast Corridor Project	Transport and logistics	Rail modernisation and restorative project to uplift slot capacity and volumes on the Northeast Corridor (rail track, formation and signal upgrades) for the short-term positioning of the corridor for PSP under rail reform	2 500	Feasibility and associated studies being finalised
Chris Hani Baragwanath Academic Hospital	Health	Construction of a central hospital facility in Soweto	10 000	Feasibility study for a PPP under way
George Mkhari Academic Hospital	Health	Construction of a central hospital facility in Ga-Rankuwa	10 000	Inception stage of the PPP process - procuring Transaction Advisory Team to conduct a feasibility study
Joburg Fresh Produce Market	Agriculture	The project entails the refurbishment and modernisation of the fresh produce market to a "smart facility" that fulfils current and future needs, and ensures sustainability	2 820	Feasibility study under way
<b>Total</b>			<b>75 678</b>	

Source: Infrastructure Fund

PUBLIC-SECTOR INFRASTRUCTURE  
AND PUBLIC-PRIVATE PARTNERSHIPS UPDATE

**Table D.8 Other major public-sector infrastructure projects**

Project name	Project stage	Project description	Estimated project cost
Salvokop Precinct PPP Project	Various	A mixed-use development that includes the construction of offices for four national government departments in Pretoria's inner city	R18.1 billion
Siloam District Hospital Project	Implementation	The rebuilding of a new 224-bed hospital, repurposing and refurbishing a psychiatric ward and mortuary	R1.9 billion
SA Connect Phase 2	Implementation	The programme will deploy approximately 1 180 kilometres of new fibre, enabling broadband coverage for about 5.5 million households through Wi-Fi hotspots and supporting infrastructure	R3 billion
Northern and KwaMashu WWTW and Reuse PPP	Feasibility	eThekweni municipality intends to partner with the private sector to design, construct, finance, operate and maintain a new water reuse plant. The private sector will provide the service and raise the finance to fund the capital expenditure through a 25-year concession agreement	R3.5 billion
City of Cape Town Water Desalination	Feasibility	The development of a permanent sea water desalination plant yielding a minimum of 50 Ml/day of desalinated water (from sea water to potable water)	R2.5 billion
Limpopo Central Hospital Project	Implementation	Construction of a new 488-bed central hospital in Polokwane, which will form part of an academic health complex attached to the University of Limpopo's medical school	R4.5 billion
Post-2026 Gautrain Rapid Rail Link System Project	Procurement	Procurement of a new concessionaire to operate the already established and functional Gautrain system	R18.4 billion
Midvaal Electricity Distribution Project	Procurement	Refurbishment and expansion of the existing distribution lines owned by the municipality	R1 billion
Square Kilometre Array (SKA) MID AA	Implementation	The project entails the construction of 60 new dishes, which will be combined with the 13 dishes that have already been built, bringing the total to 73 new dishes. These will be integrated with the existing 64 MeerKAT dishes, forming an initial array of 137 dishes, which will make up a functional telescope	R13.3 billion
Sol Plaatje Municipality Integrated Bulk Supply System Intervention	Implementation	The programme is about urgent refurbishment and renewal of old water supply infrastructure. The programme is planned to be implemented in phases, with activities identified over the short, medium and long term	R3.1 billion
Belhar Regional Hospital	Concept design	Construction of a 550-bed regional hospital in the City of Cape Town	R4.6 billion
Klipfontein Hospital	Concept design	Construction of a new hospital to replace the GF Jooste Hospital	R4.3 billion
Berg River-Voëlvele Dam Pipeline	Construction	Construction of a weir and abstraction works with a pump station on the Berg River, with a 6.3-km- long pipeline to the Voëlvele Dam	R1.1 billion
Lower uMkhomazi Bulk Water Supply Scheme	Construction	Construction of an off-channel storage dam at Ngwadini, two weirs within the uMkhomazi River, raw water transfer to a 100 Ml/d water treatment plant at Craigieburn and potable water infrastructure to supply the South Coast Quarry Reservoir	R6.2 billion

Source: National Treasury

**ANNEXURE D**  
**PUBLIC-SECTOR INFRASTRUCTURE**  
**AND PUBLIC-PRIVATE PARTNERSHIPS UPDATE**

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# **E** 2026 BUDGET REVIEW **FINANCIAL SECTOR UPDATE**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



## **BUILDING CAPABILITY TO FIGHT FINANCIAL CRIMES**

This annexure reports on South Africa's exit from the Financial Action Task Force (FATF) grey list and its preparations for the next assessment. It outlines reforms to enhance the regulatory framework for the financial sector to support innovation and economic growth as well as measures to improve sustainable investment and customer outcomes.

### **Preparing for the 2026/27 FATF mutual evaluation**

South Africa exited the FATF grey list in October 2025. Preparations have begun for the next round of assessment, from mid-2026 to October 2027. South Africa will draw on the lessons learnt from the last FATF mutual evaluation and the process that enabled the country to exit the FATF grey list to strengthen the effectiveness of its systems to fight money laundering and terrorism financing, while recognising the continued challenges. Avoiding a return to the FATF grey list is important, and boosting the effectiveness of South Africa's anti-money laundering system and preventing its financial system from being abused by criminals will clearly benefit the country and the economy. The mutual evaluation will focus on the effectiveness of South Africa's rules for combating money laundering and terrorism financing. Ensuring the rules comply with global standards is an important indicator of a country's commitment to controlling these abuses.

Regulatory and legislative measures to further bolster the financial system's ability to combat financial crime will be brought to Parliament early in 2026. These include the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill, which the National Treasury published for public comment in January 2026. The draft bill proposes amendments to the Financial Intelligence Centre Act (2001), the Financial Sector Regulation Act (2017), the Companies Act (2008) and the Nonprofit Organisations Act (1997), and seeks to address some technical deficiencies.

## **REGULATING TO SUPPORT GROWTH**

### **Strengthening competition through banking regulation and supervision**

The National Treasury and the Prudential Authority are reviewing the regulatory framework for deposit-taking institutions to enable more proportionality, taking account of the nature, size and complexity of the banks; the risks they undertake; and their business models. This aligns with the approach to banking regulation in the Financial Sector Regulation Act. The review will simplify regulatory oversight for smaller and less complex institutions that do not pose a high risk to the financial system compared to systemically important deposit-taking institutions. It may lead to reduced segmentation of the banking sector and will allow a more flexible and effective calibration of existing prudential requirements. This will create a more balanced regulatory environment to financial sector transformation, lower barriers to entry and encourage financial inclusion and sustainable competition. The review will be completed in 2026.

## Exploring the impact of the implementation of the Basel Committee on Banking Supervision standards on infrastructure financing

The National Treasury and the Prudential Authority are working with industry bodies to explore whether the current implementation of the Basel Committee on Banking Supervision framework in South Africa affects the country's ability to attract infrastructure investment. This exercise seeks to establish if the observed risk in relation to infrastructure finance is reflected in current capital rules. Based on the outcome of the engagements with industry bodies, strategic policy discussions will be held with the Basel Committee on the implementation of the Basel Committee's standards to make it easier to mobilise infrastructure investment and achieve other developmental objectives, especially in a developing country context. This review will be completed by mid-2026.

## HARNESSING INNOVATION

### Stablecoin innovation

Many G20 jurisdictions undertook regulatory work in 2025 to better harness the benefits of stablecoins while managing the risks. South Africa's Intergovernmental Fintech Working Group (IFWG) continues its work on an appropriate regulatory framework for stablecoins. The IFWG published the landscape diagnostic study on rand-pegged stablecoins in March 2025. The IFWG's focus in 2026 will be on assessing (i) whether existing regulatory frameworks apply to rand-pegged stablecoin arrangements and (ii) the policy implications of foreign-currency-pegged stablecoins, with the aim of publishing discussion papers for public consultation in 2026.

### Implementation of an open finance framework

Open finance is the framework that allows individuals and businesses to safely share their financial data with third-party providers, with their explicit consent, in order to access better, more competitive and more innovative financial products and services. It has the potential to drive down the cost of financial services for individuals and businesses. In 2025, the IFWG finalised a comprehensive cost-benefit analysis that set out concrete recommendations to guide the implementation of an open finance framework in South Africa. Over the next financial year, the IFWG will continue with work to develop an appropriate regulatory framework for open finance.

### Regulating artificial intelligence in the financial sector

The Financial Sector Conduct Authority (FSCA) and the Prudential Authority undertook a survey on the adoption of artificial intelligence (AI) in the South African financial sector. This study provided insights into the usage and adoption of AI in the sector. The FSCA, the Prudential Authority and the Reserve Bank are collaborating to develop a discussion paper, based on the survey, to be published in July 2026. The paper will set out recommendations for the safe and responsible adoption of AI in the South African financial sector, with a view to developing a formal joint regulatory instrument.

## Exploring the impact of influencers on financial consumers' decision-making

The FSCA is conducting a market study to explore the impact of influencers on financial consumers' decision-making processes. As social media gains prominence as a significant source of information, financial information and, in particular, the role of financial consumer influencers – so-called “finfluencers” – has become more pronounced. The market study will be published in 2026.

## BUILDING A CLIMATE-RESILIENT FINANCIAL SECTOR

The National Treasury published the consultation paper *Developing the South African Carbon Credit Market* in October 2025. The paper's recommendations aim to modernise carbon credit infrastructure, clarify legal and financial regulations, and stimulate investment in low-carbon projects. By reducing administrative barriers and enhancing the role of financial institutions and regulatory bodies, these reforms aim to develop a resilient and high-integrity secondary market for carbon credits. Recommendations for amendments to the framework for carbon markets will be made in 2026.

As a complementary intervention under the South African G20 Presidency, the G20 identified “unlocking the financing potential of carbon markets” as a 2025 priority workstream, with a focus on carbon credit data standardisation. Without common data standards, there is limited capacity for credits to supply more than one segment of the carbon market and trade smoothly across borders. This reduces liquidity and ultimately climate finance to emerging markets and developing economies such as South Africa. The G20 supported the Common Carbon Credit Data Model (CCCDM) as a framework to define, categorise and record carbon credit data through its life cycle. The data model aims to improve comparability and interoperability across infrastructure systems to enhance market integrity. In 2026, working in close coordination with relevant government departments, the National Treasury will pilot the CCCDM in South Africa's domestic carbon market. The pilot involves two preliminary phases:

- Mapping domestic carbon offset registry data to the CCCDM and delivering market intelligence to the National Treasury in a standardised format.
- Testing the CCCDM as a central reference point (“exchange protocol”) for different IT systems in South Africa's regulated carbon market.

If these pilots are successful, additional efforts to embed the CCCDM into South Africa's domestic policy architecture could be considered.

## Advancing climate-risk resilience in the financial sector

Government continues to work to strengthen responses to climate-related and broader sustainability risks through the development of regulatory and supervisory tools. The Prudential Authority and the FSCA are assessing banks' and insurers' climate-related governance, risk practices and disclosures. The intention is to evaluate the maturity of these industries regarding their responses to climate risks, and closely monitor the links between climate-related financial risks and nature-related risks and biodiversity loss. In 2026, the National Treasury will publish a consultation paper on transition planning by financial institutions to provide a framework for the content and

nature of strategic planning that these institutions should undertake to address climate-related risks. These plans should include climate-related governance, risk practices and disclosures.

## REFORMING RETIREMENT FUNDS

### Unclaimed financial assets

Government is implementing a reform to centralise the management and investment of over R88 billion in unclaimed financial assets, which include retirement benefits, bank accounts, investments and insurance payouts. This reform aims to ensure that the benefits of these assets accrue to the asset owners rather than to financial institutions, government or any other parties. The proposed framework provides for the transfer of these assets to a central manager to drive down costs and improve payouts with appropriate governance for investment, alongside the appointment of a central administrator responsible for administration, record-keeping and tracing. The reform will be rolled out in phases, starting with the retirement fund sector, given its established identification and monitoring systems. Over time, the framework will be extended to other categories of unclaimed financial assets.

The centralisation of unclaimed financial assets seeks to address challenges associated with fragmented administration, inconsistent definitions and the erosion of value through fees. A unified system, supported by a central database and an administrator, is intended to strengthen tracing processes and enhance transparency. It is also expected to provide beneficiaries with a clearer and more streamlined claims process. A discussion note will be released shortly for public consultation.

## REDUCING PAYMENT COSTS AND IMPROVING SAFETY AND EFFICIENCY

The National Treasury has prioritised reforms to modernise the national payments system and promote innovation in digital finance. These reforms aim to support faster, more affordable and more inclusive payment services, including cross-border payments aligned with the objectives of the African Continental Free Trade Area. Enabling more efficient regional payment flows positions South Africa to play a central role in facilitating trade and financial integration across the continent.

The Reserve Bank's Payments Ecosystem Modernisation Programme introduces the most significant payments system reforms in almost three decades, to be implemented over the next three years. The objective of the programme is to transform South Africa's national payments system, making it more efficient, competitive, inclusive and resilient. Reforms being implemented under the programme will broaden access to digital payment services, encourage innovation, reduce reliance on cash and improve the overall functioning of the financial system in response to the rapidly changing global payments landscape.

### Establishment of a national payments utility

The Payments Ecosystem Modernisation Programme involves creating a national payments utility (NPU) by transitioning PayInc (formerly BankservAfrica), in which the Reserve Bank now holds a majority stake. The transaction in which the Reserve Bank acquired the stake was concluded on 11 November 2025. The NPU will provide open, shared digital payments infrastructure to support

interoperability across various payment providers, serving as the main platform for high-value and retail transactions.

### Legal and policy reforms

The Payments Ecosystem Modernisation Programme also encompasses reforms to the legal and policy frameworks governing payments in South Africa. This includes the adoption of an activity-based regulatory model and a new licensing and authorisation framework. The revised model is designed to enable non-bank entities, such as fintech firms and other service providers, to participate directly in payment activities. These activities cover issuing e-money and offering acquiring services with a relevant, proportionate regulatory framework. Implementation of the activity-based regulatory model is set to take effect in the second half of 2026.

## ENCOURAGING INVESTMENT AND CAPITAL INFLOWS

### Capital flows management framework

The National Treasury will publish amendments to the Exchange Control Regulations under the Currency and Exchanges Act (1933). The amendments aim to include crypto assets in the capital flows management framework to complement regulation by the FSCA, which officially declared crypto assets (like Bitcoin and Ethereum) to be “financial products” under the Financial Advisory and Intermediary Services Act (2002) from October 2022. Similar regulatory action has been taken by the Financial Intelligence Centre, which in 2025 designated crypto asset service providers as accountable institutions subject to supervision, including reporting, registration and enforcement.

### Reducing the capital flows regulatory burden and improving competitiveness

To promote South Africa as a competitive financial and investment hub for the African continent, the National Treasury will expand the HoldCo concept for corporations. This will allow asset managers to manage their portfolios locally in foreign currency as corporations are permitted to do. The reforms would enable the creation of a “synthetic financial centre” to engage in two main activities: (i) the management of portfolios of foreign assets, and (ii) the trading of foreign currency-denominated financial instruments. This will enable asset managers to intermediate in global capital flows, particularly those invested in Africa, and attract and manage the foreign savings of South African investors.

### Inward foreign loans – South African residents

As part of promoting foreign trade and investments to South Africa, the interest rate cap(s) on inward foreign loans is removed, subject to loans being market related and reported to the Reserve Bank.

### Single discretionary allowance

To take into account inflation and currency fluctuations, the single discretionary allowance limit for private individuals is increased from R1 million to R2 million per calendar year via Authorised Dealers for all purposes, including travel, gifts, remittances, investments and donations. Permitted single

discretionary allowance transfers via Authorised Dealers in foreign exchange with limited authority are increased from R1 million to R2 million. The limit will be reviewed regularly.

### **Cross-border credit/debit card transactions**

The limit for miscellaneous imports, services or subscription payments made via credit or debit cards is increased from R50 000 to R100 000 per transaction. This adjustment aligns with current digital payment trends in international e-commerce and digital services.

### **Miscellaneous payments to non-residents**

To reduce red tape, the limit for miscellaneous payments to non-residents, for example, for sponsorships, office and warehouse expenses, demurrage or refunds, is increased from R100 000 to R200 000 per transaction.

### **South African bank notes limit**

To maintain purchasing power for travellers, the limit to South African bank notes that can be carried in cash when entering or exiting South Africa is increased from R25 000 to R100 000.

The Reserve Bank will also publish operational reforms to reduce red tape, including:

- Authorised Dealers will be allowed to renew authorities previously granted by the Reserve Bank for local settlement in foreign currency, provided there are no material changes in the circumstances under which the original approval was granted.
- The time lag for residents entering into cross-border merchanting transactions will be aligned to four months, irrespective of the jurisdiction of the foreign payer.
- The Reserve Bank, working with the South African Revenue Service and the Financial Intelligence Centre, will enhance supervisory oversight to ensure anti-money laundering and countering the financing of terrorism and tax infringements do not occur.

**F**

**2026 BUDGET REVIEW**  
**SUMMARY OF THE**  
**BUDGET**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



**ANNEXURE F**  
**SUMMARY OF THE BUDGET**

**Summary of the national budget**

	2025/26		2026/27	2027/28	2028/29
	Budget estimate	Revised estimate	Budget estimate	Medium-term estimates	
<b>R million</b>					
<b>REVENUE</b>					
<b>Main budget revenue before tax proposals</b>			<b>2 082 003</b>	<b>2 190 835</b>	<b>2 320 601</b>
<b>Budget 2026/27: Net impact of tax proposals</b>			-	-	-
<b>Direct taxes</b>			-	-	-
<b>Personal income tax</b>					
Inflationary adjustment to tax brackets and rebates			-	-	-
Inflationary adjustment to medical tax credits			-	-	-
<b>Indirect taxes</b>			-	-	-
<b>Fuel levy</b>					
Below inflation adjustment to general fuel levy			-1 000	-1 052	-1 109
Above inflation adjustment to carbon fuel levy			1 000	1 052	1 109
<b>Specific excise duties</b>					
Inflationary increase in excise duties on alcohol and tobacco			-	-	-
<b>Main budget revenue after tax proposals</b>	<b>1 949 409</b>	<b>1 978 232</b>	<b>2 082 003</b>	<b>2 190 835</b>	<b>2 320 601</b>
<i>Percentage change from previous year</i>			5.2%	5.2%	5.9%
<b>EXPENDITURE</b>					
<b>Direct charges against the National Revenue Fund</b>	<b>1 114 811</b>	<b>1 131 868</b>	<b>1 162 835</b>	<b>1 212 166</b>	<b>1 254 616</b>
Debt-service costs	426 346	420 610	432 449	451 450	469 321
Provincial equitable share	633 166	649 339	670 323	698 626	720 409
General fuel levy sharing with metropolitan municipalities	16 849	16 849	17 530	18 230	18 796
Public-sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations	7 901	8 049	8 541	9 389	9 680
Skills levy and sector education and training authorities	26 006	25 979	27 657	29 406	31 183
Other <sup>1)</sup>	4 543	11 042	6 334	5 067	5 226
<b>Appropriated by vote</b>	<b>1 172 207</b>	<b>1 195 273</b>	<b>1 214 088</b>	<b>1 214 388</b>	<b>1 270 297</b>
Current payments	298 664	301 836	309 468	322 272	332 375
Transfers and subsidies	846 693	863 270	884 643	872 999	916 856
Payments for capital assets	17 064	19 986	15 674	15 042	15 469
Payments for financial assets	9 787	10 182	4 303	4 075	5 597
<b>Provisional allocations</b>	<b>18 712</b>	<b>-</b>	<b>1 322</b>	<b>38 207</b>	<b>39 199</b>
Provisional allocations not appropriated	18 712	-	1 322	38 207	39 199
<b>Total</b>	<b>2 305 730</b>	<b>2 327 141</b>	<b>2 378 245</b>	<b>2 464 761</b>	<b>2 564 112</b>
<b>Plus:</b>					
Contingency reserve	5 000	-	5 008	10 603	16 957
<b>Estimate of national expenditure</b>	<b>2 310 730</b>	<b>2 327 141</b>	<b>2 383 253</b>	<b>2 475 364</b>	<b>2 581 069</b>
<i>Percentage change from previous year</i>			2.4%	3.9%	4.3%
<b>2025 Budget estimate of expenditure</b>		<b>2 310 730</b>	<b>2 403 033</b>	<b>2 515 626</b>	
<i>Increase / decrease (-)</i>		16 411	-19 781	-40 261	
<b>Gross domestic product</b>	<b>7 872 157</b>	<b>7 756 746</b>	<b>8 188 090</b>	<b>8 615 136</b>	<b>9 077 256</b>

1) Includes direct appropriations in respect of the salaries of the President, Deputy President, judges, magistrates, members of Parliament, Auditor-General of South Africa, National Revenue Fund payments (previously classified as extraordinary payments), the International Oil Pollution Compensation Funds, payment of guarantees, indemnities and securities to the Land and Agricultural Development Bank of South Africa, Denel and the South African Reserve Bank and allocations made in the 2026 Special Appropriation (2025/26 financial year) Bill.

Source: National Treasury

**ANNEXURE F**
**SUMMARY OF THE BUDGET**

<b>Summary of the consolidated budget</b>					
	<b>2025/26</b>		<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Budget estimate</b>	<b>Revised estimate</b>	<b>Budget estimate</b>	<b>Medium-term estimates</b>	
<b>R million</b>					
<b>National budget revenue <sup>1)</sup></b>	<b>1 949 409</b>	<b>1 978 232</b>	<b>2 082 003</b>	<b>2 190 835</b>	<b>2 320 601</b>
Revenue of provinces, social security funds and public entities	251 420	253 443	263 424	276 466	292 137
<b>Consolidated budget revenue <sup>2)</sup></b>	<b>2 200 828</b>	<b>2 231 675</b>	<b>2 345 427</b>	<b>2 467 301</b>	<b>2 612 738</b>
<b>National budget expenditure <sup>1)</sup></b>	<b>2 310 730</b>	<b>2 327 141</b>	<b>2 383 253</b>	<b>2 475 364</b>	<b>2 581 069</b>
Expenditure of provinces, social security funds and public entities	267 952	251 716	286 426	292 766	312 355
<b>Consolidated budget expenditure <sup>2)</sup></b>	<b>2 578 682</b>	<b>2 578 857</b>	<b>2 669 679</b>	<b>2 768 130</b>	<b>2 893 424</b>
<b>Consolidated budget balance</b>	<b>-377 854</b>	<b>-347 182</b>	<b>-324 251</b>	<b>-300 829</b>	<b>-280 686</b>
<i>Percentage of GDP</i>	<i>-4.8%</i>	<i>-4.5%</i>	<i>-4.0%</i>	<i>-3.5%</i>	<i>-3.1%</i>
<b>Redemptions</b>	<b>-171 705</b>	<b>-159 520</b>	<b>-134 753</b>	<b>-284 151</b>	<b>-194 575</b>
Domestic long-term loans	-111 357	-102 905	-98 590	-260 250	-147 724
Foreign loans	-60 349	-56 616	-36 163	-23 901	-46 850
<b>Eskom debt-relief arrangement</b>	<b>-80 223</b>	<b>-80 000</b>	<b>-</b>	<b>-</b>	<b>-10 000</b>
<b>GFECRA settlement</b>	<b>25 000</b>	<b>25 000</b>	<b>56 000</b>	<b>-</b>	<b>-</b>
<b>Gross borrowing requirement</b>	<b>-604 782</b>	<b>-561 702</b>	<b>-403 005</b>	<b>-584 981</b>	<b>-485 261</b>
<b>Financing</b>					
<b>Domestic loans</b>	<b>378 168</b>	<b>427 483</b>	<b>269 400</b>	<b>452 000</b>	<b>359 100</b>
<b>Foreign loans</b>	<b>98 949</b>	<b>110 572</b>	<b>53 735</b>	<b>85 768</b>	<b>87 409</b>
<b>Change in cash and other balances</b>	<b>127 665</b>	<b>23 647</b>	<b>79 870</b>	<b>47 212</b>	<b>38 751</b>
<b>Total financing</b>	<b>604 782</b>	<b>561 702</b>	<b>403 005</b>	<b>584 981</b>	<b>485 261</b>

1) Transfers to provinces, social security funds and public entities presented as part of the national budget.

2) Flows between national and provincial government, social security funds and public entities are netted out.

Source: National Treasury

**G**

**2026 BUDGET REVIEW  
GLOSSARY**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



Accounting officer	The public servant who is accountable to Parliament for financial management of a government department, usually the director-general at the national level or the head of the department at the provincial level.
Accrual	An accounting convention by which payments and receipts are recorded as they occur, even if no cash flow takes place.
Acquisition debt	Debt used to buy shares or assets.
Adjustments estimate	Presentation to Parliament of the amendments to be made to the appropriations voted in the main budget for the year.
Administered prices	Prices set outside ordinary market processes through administrative decisions by government, a public entity or a regulator.
Ad valorem duties	Taxes levied on commodities as a certain percentage of their value.
Agro-processing	Manufacturing activities that transform raw materials and intermediary goods derived from agriculture into intermediate or final goods.
Allocated expenditure	The part of the national budget that can be divided between the national, provincial and local spheres of government, after interest and the contingency reserve have been taken into account.
Amortisation	The repayment of a loan by instalments over its duration.
Annuity	A fixed amount of money paid over a period of time as a return on an investment.
Anti-avoidance rule	A provision aimed at preventing tax avoidance. See also <i>principal purpose test</i> .
Appreciation (exchange rate)	An increase in the value of a currency.
Appropriation	The approval by Parliament of spending from the National Revenue Fund or by a provincial legislature from a provincial revenue fund.
Asset price bubble	A condition occurring when prices for a category of assets rise above the level justified by economic fundamentals.
Balance of payments	A summary statement of all the international transactions of the residents of a country with the rest of the world over a particular period of time.
Base erosion and profit shifting	Corporate tax-planning strategies that exploit the gaps and mismatches in tax laws between countries to shift taxable income to lower- or no-tax jurisdictions. See also <i>tax evasion</i> and <i>profit shifting</i> .
Basel III	Reforms developed by the Basel Committee on Banking Supervision to strengthen the regulation, supervision and risk management of the banking sector.
Baseline	The initial allocations used during the budget process, derived from the previous year's forward estimates.
Basis point	One hundredth of 1 per cent.
B-BBEE	A transformation strategy established by the South African government to empower previously disadvantaged groups (including African, Coloured and Asian demographics affected by the apartheid era) so that they can participate in the growth of the economy.
Beneficiation	Manufacturing activities that transform raw minerals into higher-value products.
Benign deflation	A decrease in the general price level resulting from an increase in aggregate supply.
Biosecurity risks	The threats posed by harmful organisms, diseases or biological materials that can affect human health, animals, plants or the environment.
Blended finance	The combination of public, private, development and multilateral sources of financing to leverage funding for projects.
Bond	A certificate of debt issued by a government or corporation guaranteeing payment of the original investment plus interest by a specified future date.
Bond premium	Amount by which the purchase price of a bond is greater than its par value.
Bond spread	The difference in yield between two bonds.

Bond-switch programme	An auction that aims to ease pressure on targeted areas of the redemption profile by exchanging shorter-dated debt for longer-term debt. See also <i>switch auction</i> .
Bracket creep	Increased real tax liability that arises when the personal income tax tables are not fully adjusted for inflation.
Budget balance	The difference between budgeted expenditure and budgeted revenue. If expenditure exceeds revenue, the budget is in deficit. If the reverse is true, it is in surplus.
Budget deficit	Occurs when a government's expenditure is greater than its revenue.
Budget Facility for Infrastructure	A reform to the budget process that establishes specialised structures, procedures and criteria for committing fiscal resources to public infrastructure spending.
Budget pressures	Unavoidable consequences of allocating scarce resources between competing priorities.
Budget reprioritisation	The process of re-evaluating and adjusting priorities in the allocation of funds.
Buoyancy	A measure of how responsive tax revenue is to changes in the economy.
Capital asset	Property of any kind, including assets that are movable or immovable, tangible or intangible, fixed or circulating, but excluding trading stock held to realise a financial or economic return.
Capital expenditure	Spending on assets such as buildings, land, infrastructure and equipment.
Capital financing requirement	The total amount of money government needs to borrow to pay for long-term assets such as buildings or infrastructure.
Capital flow	A flow of investments in or out of the country.
Capital formation	A measure of the net increase in the country's total stock of capital goods, after allowing for depreciation.
Capital gains tax	Tax levied on the income realised from the disposal of a capital asset by a taxpayer. A capital gain is the excess of the selling price over the purchase price of the capital asset.
Capital goods	Durable goods used over a period of time to produce other goods. See also <i>intermediate goods</i> .
Capitalised interest	The cost of borrowing to construct a capital asset, which is then included in the cost of the asset.
Capital market	A financial market where individuals and institutions raise capital or funding in the form of debt or equities.
Carbon budgeting	The process of allocating a greenhouse gas emissions allowance to a company for a specific period of time.
Category A, B and C municipalities	Municipal categories established by the Constitution: Category A, or metropolitan municipalities; Category B, or local municipalities; and Category C, or district municipalities.
Collateral	An asset placed as a guarantee for the repayment of debt, to be recouped in the case of a default.
Commercial close	The date of execution of a public-private partnership or concession agreement.
Commercial paper issuances	Debt issued by companies through short-term promissory notes.
Commission of inquiry	An expert panel established by the President to investigate a specific issue.
Commutation	When a member of a pension fund, pension preservation fund or retirement annuity fund retires, they are allowed to take (commute) a lump sum equal to a maximum of one-third of the retirement interest.
Concessionary funding	Financing extended by major financial institutions, such as development banks and multilateral funds, at substantially cheaper rates than market loans.
Conditional grants	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.

Connected person debt/credit	Debt or credit granted by a person/entity to a connected person/entity. In the case of a holding company, for example, a subsidiary company would be a connected person.
Consolidated government	general National, provincial and local government, as well as extra-budgetary government institutions and social security funds.
Consolidated expenditure	government Total expenditure by national and provincial government, social security funds and selected public entities, including transfers and subsidies to municipalities, businesses and other entities.
Consumer price index	The measure of inflation based on prices in a basket of goods and services.
Consumption expenditure	Expenditure on goods and services that are used within a short period of time, usually a year.
Contingency reserve	An amount set aside, but not allocated in advance, to accommodate changes to the economic environment and to meet unforeseeable spending pressures.
Contingent liability	A government obligation, such as a guarantee, that will only result in expenditure if a specific event occurs. See also <i>government guarantee</i> .
Controlled foreign company	A foreign business in which South Africans hold a greater than 50 per cent interest, usually of the share capital of a company.
Corporatisation	The transformation of state-owned enterprises into commercial entities, subject to commercial legal requirements and governance structures, while the state retains ownership.
Cost-push inflation	Inflation that is caused by an increase in production costs, such as wages or oil prices.
Countercyclical fiscal policy	Policy that has the opposite effect on economic activity to that caused by the business cycle, such as slowing spending growth in a boom period and accelerating spending in a recession.
Coupon (bond)	The periodic interest payment made to bondholders during the life of the bond. The interest is usually paid twice a year.
Covered person	Stockbrokers that do not trade as a treasury operation; the Reserve Bank; banks and their controlling companies; and companies or trusts that form part of a banking group, excluding short- and long-term insurers, and these insurers' subsidiaries and companies in which they hold a controlling share.
Credit guarantee vehicle	A financial mechanism designed to mobilise private capital for South Africa's sustainable infrastructure sectors. A private company, it offers credit guarantees to derisk infrastructure investments.
Credit rating	An indicator of the risk of default by a borrower or the riskiness of a financial instrument.
Credit risk	The probability of financial loss resulting from failure to repay a loan or meet a contractual obligation.
Crowding in	An increase in private investment through the income-raising effect of government spending financed by deficits.
Crowding out	A fall in private investment or consumption as a result of increased government expenditure financed through borrowing, thereby increasing competition for loanable funds and raising the interest rate, which curtails private investment and consumption spending.
Crypto asset	A digital representation of value not issued by a central bank.
Cryptocurrency	A digital medium of exchange that uses cryptography to secure its transactions, control the creation of additional units and verify the transfer of assets.
Currency risk	The potential for a change in the price of a currency that would affect investors with assets, liabilities or operations denominated in other currencies.

Current account (of the balance of payments)	The difference between total imports and total exports, taking into account service payments and receipts, interest, dividends and transfers. The current account can be in deficit or surplus. See also <i>trade balance</i> .
Current balance	The difference between revenue and current expenditure, which consists of compensation of employees, goods and services, and interest and rent on land.
Current expenditure	Government expenditure on salaries and goods and services, such as rent, maintenance and interest payments. See also <i>consumption expenditure</i> .
Customs duties	A tax levied on imported goods.
Debenture	An unsecured debt instrument backed by the general creditworthiness of the issuer rather than by specific assets.
Debt redemption profile	The set of fixed repayment dates and amounts that an issuer of debt, such as a preferred stock or bond, has committed to meeting.
Debt-service costs	The interest on government debt and other costs directly associated with borrowing.
Debt-service coverage ratio	The ratio of cash from operating activities available to service debt payments.
Debt stabilisation	The process of stabilising the country's public debt to ensure fiscal sustainability.
Debt stock	The total value of debt owed to all lenders.
Decommissioning	The removal or dismantling of a facility from service.
Default regulations	Retirement funds' trustee boards must offer a default in-fund preservation arrangement to members who leave the services of their employer before retirement, and a default investment portfolio to contributing members who do not or cannot choose how their savings should be invested.
Deflation	A consistent decrease in the price of goods and services.
Deleveraging	The reduction of debt previously used to increase the potential return of an investment.
De minimis	A legal principle that allows matters of insufficient importance or small scale to be exempted from a rule or requirement.
Depreciation (capital)	A reduction in the value of fixed capital as a result of wear and tear or redundancy.
Depreciation (exchange rate)	A reduction in the value of a currency.
Derivative financial instrument	A financial asset that derives its value from an underlying asset, which may be a physical asset such as gold or a financial asset such as a government bond.
Designated countries	Foreign countries from which income may be exempt from South African tax under certain circumstances. See also <i>double tax agreement</i> .
Development finance institutions	State agencies that aim to meet the credit needs of riskier but socially and economically desirable projects that are beyond the acceptance limits of commercial banks.
Digital economy	An economy based on digital computing technologies – increasingly through internet-based markets.
Direct taxes	Taxes charged on the taxable income or capital of individuals and legal entities.
Discouraged work seekers	A person aged 15–64 who is not employed, wants to work, and is available to work, but has stopped actively looking for employment due to reasons like a lack of jobs in the area, inability to find work matching their skills, or lost hope.
Discretionary trust	A trust where the executor has the choice of whether and how much of the trust's income or capital is to be distributed to beneficiaries. The beneficiaries have only provisional rights to the income or capital of the trust.
Disposable income	Total income less all taxes and employee contributions.

Dissaving	An excess of current expenditure, including the depreciation of fixed capital, over current income.
Dividend	The distribution of a portion of a company's earnings to a class of its shareholders.
Dividend withholding tax	A tax on dividends that is subtracted and withheld by a company or intermediary before the net dividend is paid to the shareholder. See also <i>withholding tax</i> .
Division of revenue	The allocation of funds between spheres of government, as required by the Constitution. See also <i>equitable share</i> .
Domestic demand	The total level of spending in an economy, including imports but excluding exports.
Double tax agreement	An agreement between two countries to prevent income that is taxed in one country from being taxed in the other as well. Double taxation is juridical when the same person is taxed twice on the same income by more than one state. Double taxation is economic if more than one person is taxed on the same item. See also <i>designated countries</i> and <i>tax treaty</i> .
Dual tranche	A financial arrangement where a security or debt issue is divided into two distinct portions, or tranches, each with different risk and return characteristics.
Early childhood development	The development of children from birth until the year they enter formal schooling.
Economically active population	The part of the population that is of working age and is either employed or seeking work.
Economic cost	The cost of an alternative that must be forgone to pursue a certain action. In other words, the benefits that could have been received by taking an alternative action. Also known as opportunity cost.
Economic growth	An increase in the total amount of output, income and spending in the economy.
Economic prices	Financial prices that are adjusted for market distortions such as import tariffs, taxes or subsidies.
Economic rent	The difference between the return made by a factor of production (capital or labour) and the return necessary to keep the factor in its current occupation. For example, a firm making excess profits is earning economic rent.
Effective tax rate	Actual tax liability (or a reasonable estimate thereof) expressed as a percentage of a pre-tax income base rather than as a percentage of taxable income. In other words, tax rates that take into account not only the statutory or nominal tax rate, but also other aspects of the tax system (for example, allowable deductions) that determine the tax liability.
Embedded derivative	A provision in a contract modifying its cash flows by making them dependent on an underlying measure – such as interest or exchange rates, or commodity prices – the value of which changes independently.
Emerging economies	A name given by international investors to middle-income economies.
Employment coefficient	The ratio of employment growth to economic growth.
Equitable share	The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution. See also <i>division of revenue</i> .
Equity finance	Raising money by selling shares of stock to investors, who receive an ownership interest in return.
e-Visa system	An official electronic document permitting entry into and travel within South Africa.
Exchange control	Rules that regulate the flow of currency out of South Africa or restrict the amount of foreign assets held by South African individuals and companies.
Exchange item	A foreign-currency amount relating to a debt, loan or foreign-exchange contract.

Excise duties	Taxes on the manufacture or sale of certain domestic or imported products. Excise duties are usually charged on products such as alcoholic beverages, tobacco and petroleum.
Expansionary monetary policy	A macroeconomic strategy employed by central banks to stimulate economic growth by increasing the money supply and reducing interest rates.
Expenditure ceiling	The maximum allowable level of expenditure to which government has committed itself.
Extra-budgetary institutions	Public entities not directly funded from the fiscus.
Fair-value adjustment	A change in the value of an asset or liability resulting from the periodic reassessment of its expected future economic in- or outflows.
Fee-free higher education and training	A government policy on higher education and training that makes provision for full-cost-of-study bursaries to students below a specified household-income threshold, covering tuition fees, prescribed study material, meals and a certain level of accommodation and/or travel allowances.
Financial account	A statement of all financial transactions between the nation and the rest of the world, including portfolio and fixed-investment flows and movements in foreign reserves.
Financial Action Task Force	An international organisation that sets rules and standards to prevent money laundering, terrorism financing and other financial crimes.
Financial and Fiscal Commission	An independent body established by the Constitution to make recommendations to Parliament and provincial legislatures about financial issues affecting the three spheres of government.
Financial close	The date, following commercial close, on which the last of the conditions precedent in a public-private partnership agreement are fulfilled, financing documents become unconditional and funds become available.
Financial Sector Conduct Authority	A body responsible for regulating and supervising the market conduct of financial institutions and market infrastructure.
Financial Services Board	An independent institution established by statute that regulates insurers, intermediaries, retirement funds, friendly societies, unit trust schemes, management companies and financial markets.
Financial year	The 12 months according to which companies and organisations budget and account. See also <i>fiscal year</i> .
Fintech	An abbreviation of “financial technology”, which refers to new technologies and innovations that aim to compete with traditional methods to deliver financial services more efficiently.
Fiscal anchor	A rule or target that imposes a constraint or limit on one or more fiscal measures for which government is responsible to preserve sustainability in the public finances.
Fiscal consolidation	Policy aimed at reducing government deficits and debt accumulation.
Fiscal constraints	Limitations or controls on what can be done with government or public money, especially taxes.
Fiscal framework	The arrangements, procedures, rules and institutions underlying the conduct of government’s budgetary policies.
Fiscal incidence	The combined overall economic impact that fiscal policy has on the economy.
Fiscal leakage	The outflow of revenue from an economy through tax evasion and avoidance.
Fiscal marking	The process of marking a product with a prescribed identification (or chemical). Marking allows the South African Revenue Service to trace products back to the manufacturers in order to collect excise duties.
Fiscal multiplier	A ratio measuring the extent to which national income changes in response to changes in government spending. For example, a fiscal multiplier of 0.5 implies that national income increases by 50 cents for every R1 of additional government spending.

Fiscal outcomes	The results of a government's budget decisions, including how much it spends, collects in revenue and borrows.
Fiscal policy	Policy on taxation, public spending and borrowing by government.
Fiscal risk statement	A statement that focuses on medium- and long-term risks of the public finances.
Fiscal space	The ability of government's budget to provide additional resources for a desired programme without jeopardising fiscal or debt sustainability.
Fiscal sustainability	Government's ability to manage spending, debt and revenues so that it can meet current and future obligations without running into financial trouble.
Fiscal year	The 12 months on which government budgets are based, beginning 1 April and ending 31 March of the subsequent calendar year.
Fixed investment/capital formation	Spending on buildings, machinery and equipment contributing to production capacity in the economy. See also <i>gross fixed-capital formation</i> .
Fixed-rate bond	A bond that pays a specific interest rate over a specified period of time.
Floating rate notes	A bond on which the interest rate is reset periodically in line with a money market reference rate.
Foreign currency swaps	The exchange of principal and/or interest payments in one currency for those in another.
Foreign direct investment	The acquisition of a controlling interest by governments, institutions or individuals of a business in another country.
Forward book	The total amount of contracts for the future exchange of foreign currency entered into by the Reserve Bank at any given point in time.
Forward cover	Transactions involving an agreed exchange rate at which foreign currency will be bought or sold at a future date.
Free-trade area	A geographical region in which countries have signed an agreement and maintain few or no barriers to trade in the form of tariffs or quotas between them.
Fringe benefit	A benefit supplementing an employee's wages or salary, such as medical insurance, company cars, housing allowances and pension schemes.
Fruitless and wasteful expenditure	Expenditure that was made in vain and could have been avoided had reasonable care been taken.
Fuel levy	An excise tax on liquid fuels.
Fugitive emissions	Emissions that are unintentionally released into the atmosphere through, for example, leaks from industrial plants and pipelines.
Function shift	The movement of a function from one departmental vote or sphere of government to another.
Funded pension arrangements	A pension scheme in which expected future benefits are funded in advance and as entitlement accrues.
Gearing ratio	The ratio of company debt to equity capital.
Gold and foreign exchange reserves	Reserves held by the Reserve Bank to meet foreign-exchange obligations and to maintain liquidity in the presence of shocks.
Government debt	The total amount of money owed by government as a consequence of its past borrowing.
Government guarantee	An assurance made by government to a lender that a financial obligation will be honoured, even if the borrowing government entity is unable to repay the debt. See also <i>contingent liability</i> .
Government of national unity (GNU)	A coalition government formed by multiple political parties to promote stability and consensus. The first GNU was formed following the 1994 elections, with a subsequent GNU established after the 2024 elections.
Government Technical Advisory Centre	An agency of the National Treasury that supports public finance management through professional advisory services, programme and project management and transaction support.
Green bond	A fixed-income financial instrument (bond) which is used to fund projects that have positive environmental or climate benefits.

Green paper	A policy document intended for public discussion.
Grey-list	Refers to the Financial Action Task Force's practice of publicly identifying countries with anti-money laundering and countering the financing of terrorism deficiencies.
Gross borrowing requirement	The sum of the main budget balance, extraordinary receipts and payments (referred to as National Revenue Fund receipts and payments), maturing debt and the Eskom debt-relief arrangement. The amount is funded through domestic short- and long-term loans, foreign loans and changes in cash balances.
Gross debt-to-GDP ratio	A measure of the total government debt compared with the size of the country's economy.
Gross domestic product	A measure of the total national output, income and expenditure in the economy. GDP per head is the simplest overall measure of welfare, although it does not take account of the distribution of income, or goods and services that are produced outside the market economy, such as work within the household.
Gross domestic product inflation	A measure of the total increase in prices in the whole economy. Unlike CPI inflation, GDP inflation includes price increases in goods that are exported and intermediate goods such as machines but excludes imported goods.
Gross fixed-capital formation	The addition to a country's fixed-capital stock during a specific period, before provision for depreciation.
Gross loan debt	See <i>government debt</i> .
Gross value added	The value of output less intermediate consumption. It is also a measure of the contribution an industry or sector makes to the economy.
Group of Twenty (G20)	An international forum of developing and developed countries that seeks to find solutions to global economic and financial challenges.
Hedging	An action taken by a buyer or seller to protect income against changes in prices, interest rates or exchange rates.
Horizontal equity	A principle in taxation that holds that similarly situated taxpayers should face a similar tax treatment or tax burden. In other words, taxpayers with the same amount of income or capital should be accorded equal treatment.
Impaired advances	Loans or advances that may not be collected in full.
Impairment	A reduction in the recorded value of a long-lived asset arising from circumstances that prevent the asset from generating the future economic benefits previously expected and recorded.
Import parity pricing	When a firm sells goods locally at the price customers would pay if they were to import the same goods from another country.
Inclusion rate	The portion of the net capital gain derived from the disposal of an asset that will be taxed at the applicable rate.
Independent power producer	A private-sector business that generates energy for the national grid.
Industrial development zone	Export-oriented manufacturing sites linked to an international air or sea port, supported by incentives to encourage investment and job creation.
Inflation	An increase in the overall price level of goods and services in an economy over a specific period of time.
Inflationary adjustments	The process of removing the effects of inflation from goods and services.
Inflation targeting	A monetary policy framework intended to achieve price stability over a certain period of time.
Infrastructure Fund	A fund that will provide government support for the co-financing of programmes and projects that blend public and private resources.
Integrated Resource Plan	The Department of Energy's long-term plan for the country's energy mix and generation expansion to meet electricity demand.
Intergenerational equity	A value based on ensuring that future generations do not have to repay debts taken on today unless they also share in the benefits of assets.

Intermediate goods	Goods produced to be used as inputs in the production of final goods.
Intra-state debt	Money that different organs of state owe to each other.
Inventories	Stocks of goods held by firms. An increase in inventories reflects an excess of output relative to spending over a period of time.
Investment grade	A credit rating indicating minimal risk to investors.
Irregular expenditure	Expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation.
Islamic bond	A financial certificate that complies with Islamic religious law. It represents partial ownership of an asset. The issuer buys back the bond at a future date at par value.
Just energy transition	A framework developed by the Presidential Climate Commission to ensure that workers and communities tied to high-emitting energy industries are supported in the shift towards a low-emissions economy.
Labour absorption rate	The proportion of the working-age population that is employed.
Labour intensity	The relative amount of labour used to produce a unit of output.
Levelised cost of electricity	The estimated present value of the per-unit cost of electricity over the lifetime of a generating asset.
Liquidity	The ease with which assets can be bought and sold.
Liquidity requirements	The amount of liquid or freely convertible assets that banks are required to hold relative to their liabilities for prudential and regulatory purposes.
Liquidity risk	The risk that an asset might not easily and quickly be converted into cash through sale, or the risk to a debtor that it cannot meet its current debt obligations.
Load-shedding	A means of managing electricity supply when the power system is constrained by limiting the electricity supply to areas.
Loan covenant	A commitment, in a loan agreement, to certain activities. If violated, the covenant can trigger a default or penalties.
Loop structures	Structures that arise when private individuals are permitted by the Reserve Bank to acquire up to 40 per cent equity or voting rights in a foreign company, which may in turn hold investments and/or make loans in a Common Monetary Area country (South Africa, eSwatini, Lesotho and Namibia).
Low-income household	A household with a total income below a certain threshold.
Lump-sum benefit	A one-time payment for the total or partial value of an asset, usually received in place of recurring smaller payments.
M3	The broadest definition of money supply in South Africa, including notes and coins, demand and fixed deposits, and credit.
Macroeconomics	The branch of economics that deals with the whole economy – including issues such as growth, inflation, unemployment and the balance of payments.
Macroprudential regulation	Rules that protect the stability of the financial sector and guard against systemic risk.
Marginal income tax rate	The rate of tax on an incremental unit of income.
Marginal lending rate	A penalty rate of interest charged by the Reserve Bank for lending to financial institutions in the money market in excess of the daily liquidity provided to the money market at the repurchase rate. See also <i>repurchase agreements</i> .
Marketable securities	Tradable financial securities listed with a securities exchange.
Market volatility	The degree to which prices in a financial market, such as stocks, bonds or currencies, go up and down quickly.
Medico-legal claims	A civil claim of alleged wrongful medical treatment against a health provider.

Medium Term Expenditure Committee	The technical committee responsible for evaluating the medium-term expenditure framework budget submissions of national departments and making recommendations to the Minister of Finance regarding allocations to national departments.
Medium-term expenditure framework	The three-year spending plans of national and provincial governments, published at the time of the Budget.
Microeconomics	The branch of economics that deals with the behaviour of individual firms, consumers and sectors.
Ministers' Committee on the Budget	The political committee that considers key policy and budgetary issues that pertain to the budget process before they are tabled in Cabinet.
Monetary policy	Policy concerning total money supply, exchange rates and the general level of interest rates.
Money laundering	The process of making illegally obtained money appear legitimate through transfers involving foreign banks or legitimate businesses.
Money supply	The total stock of money in an economy.
Multilateral institution	Organisation formed by three or more countries to collaborate on issues of common interest and global priority.
Multinational company	A company that has business operations in at least one country other than its home country and generates revenue beyond its borders.
National budget	The projected revenue and expenditures that flow through the National Revenue Fund. It does not include spending by provinces or local government from their own revenues.
National Development Plan	A planning framework prepared by the National Planning Commission that aims to eliminate poverty and reduce inequality by 2030.
National Energy Regulator of South Africa	The authority that regulates electricity, piped-gas and petroleum pipelines industries in South Africa.
National Revenue Fund	The consolidated account of the national government into which all taxes, fees and charges collected by the South African Revenue Service and departmental revenue must be paid.
Negotiable certificate of deposit	Short-term deposit instruments issued by banks, at a variable interest rate, for a fixed period.
Net borrowing requirement	The main budget balance.
Net exports	Exports less imports.
Net loan debt	Gross loan debt less government's cash balances.
Net open foreign currency position	Gold and foreign exchange reserves minus the oversold forward book. The figure is expressed in dollars.
Net trade	The difference between the value of exports and imports.
New Development Bank	A multilateral lending institution established by Brazil, Russia, India, China and South Africa.
Nominal exchange rates	The current rate of exchange between the rand and foreign currencies. The "effective" exchange rate is a trade-weighted average of the rates of exchange with other currencies.
Nominal rate	The stated or advertised interest rate on a loan, deposit or investment without adjusting for inflation.
Nominal wage	The return, or wage, to employees at the current price level.
Non-competitive bid auction	An auction in which an investor agrees to purchase a certain number of securities such as bonds at the average price of all competitive bids over a given period of time.
Non-financial public enterprises	Government-owned or controlled organisations that deliver goods and non-financial services, trading as business enterprises, such as Eskom or Transnet.
Non-interest expenditure	Total expenditure by government less debt-service costs.
Non-tax revenue	Income received by government as a result of administrative charges, licences, fees, sales of goods and services, and so on.
Occupation-specific salary dispensation	Revised salary structures unique to identified occupations in the public service, including doctors, nurses and teachers.

Offshore	Activities, operations or locations outside of one's home country, where regulations may differ.
Open finance	The ability of a customer to transfer all data linked to their financial activity, such as credit and payment histories.
Operation Vulindlela	A joint initiative of the Presidency and the National Treasury to accelerate the implementation of structural reforms and support economic recovery.
Opportunity cost	The value of that which must be given up to achieve or acquire something. It is represented by the next highest valued alternative use of a resource.
Organisation for Economic Co-operation and Development	An organisation of 35 mainly industrialised member countries. South Africa is not a member.
PAYE	The pay-as-you-earn (PAYE) system of income tax withholding requires employers to deduct income tax, and in some cases, the employees' portion of social benefit taxes, from each paycheque delivered to employees.
Payroll tax	Tax an employer withholds and/or pays on behalf of employees based on employee wages or salaries.
Permanent establishment	A fixed place of business from which a company operates. When two countries have a tax treaty, the concept of "permanent establishment" is used to determine the right of one state to tax the profits of the business in the other state.
Plastic bag levy	An environmental tax on certain types of plastic carrier and flat bags that is earmarked to establish recycling facilities.
Policy reserve	Additional money in the fiscus to fund new and crucial priorities.
Portfolio investment	Investment in financial assets such as stocks and bonds.
Potential growth	The fastest growth an economy can sustain without increasing inflation.
Presidential Infrastructure Coordinating Commission	A commission established by Cabinet to develop, review and coordinate a 20-year infrastructure plan.
Price discovery	The process of determining the price level of a commodity or asset, based on supply and demand factors.
Price sensitivity	The extent to which changes in price affect consumers' purchasing behaviour.
Primary balance	A government's fiscal balance before accounting for interest payments on its outstanding debt. It is calculated as the difference between total revenue and non-interest expenditure. A positive primary balance indicates that the government's revenues exceed its non-interest spending, while a negative primary balance suggests a shortfall.
Primary bond auctions	The issuance of new bonds in the primary market by means of an auction.
Primary deficit/surplus	The difference between total revenue and non-interest expenditure. When revenue exceeds non-interest expenditure there is a surplus.
Primary market	The market where new securities (bonds or equities) are issued or sold by a company or government in the capital markets for the first time.
Primary sector	The agricultural, forestry, fishing, mining and quarrying sectors of the economy.
Principal purpose test	A test where the benefits of a tax treaty are denied if it is reasonable to conclude that obtaining the benefit was one of the principal purposes behind the arrangement or transaction.
Private-sector credit extension	Credit provided to the private sector. This includes all loans, credit cards and leases.
Privatisation	The full or partial sale of state-owned enterprises to private individuals or companies.
Producer price index	A measure of inflation based on the prices of production inputs as reported by producers across different sectors.

Productivity	A measure of the amount of output generated from every unit of input. Typically used to measure changes in labour efficiency.
Profit shifting	The allocation of income and expenses between related corporations or branches of the same legal entity to reduce overall tax liability.
Provisional allocations	Funds set aside for a specific purpose that are only made available to departments, provinces and local government when they demonstrate readiness to implement.
Prudential Authority	The authority responsible for the prudential regulation of banks, insurers, cooperative financial institutions, financial conglomerates and certain market infrastructure.
Public-benefit organisations	Organisations that engage in social activities to meet the needs of the general public. They are mainly funded by donations from the public and other institutions.
Public entities	Companies, agencies, funds and accounts that are fully or partly owned by government or public authorities and are regulated by law.
Public Finance Management Act	The act regulating financial management of national and provincial government, including the efficiency and effectiveness of public expenditure and the responsibilities of those engaging with government financial management.
Public goods	Goods and services that would not be fully provided in a pure free-market system and are largely provided by government.
Public infrastructure investment	The allocation of financial resources towards the development, maintenance and improvement of essential facilities, systems and structures that are owned and operated by government for public use.
Public Investment Corporation	A government-owned investment management company that invests funds on behalf of public-sector entities. Its largest client is the Government Employees Pension Fund.
Public-private partnerships	A contractual arrangement in which a private party performs a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. See also <i>unitary payment</i> .
Public sector	National government, provincial government, local government, extra-budgetary governmental institutions, social security funds and non-financial public enterprises.
Public-sector borrowing requirement	The consolidated cash borrowing requirement of general government and non-financial public enterprises.
Purchasing managers' index	A composite index measuring the change in manufacturing activity. An index value of 50 indicates no change in activity, a value above 50 indicates increased activity and a value below 50 indicates decreased activity.
Quarterly Employment Statistics	An establishment-based survey conducted by Statistics South Africa to obtain information about the number of employees and gross salaries paid.
Quarterly Labour Force Survey	A household-based survey conducted by Statistics South Africa to measure the dynamics of the labour market, producing indicators such as employment, unemployment and inactivity.
Rand depreciation	A reduction in the value of the rand.
Rating agency	A company that evaluates the ability of countries or other borrowers to honour their debt obligations. Credit ratings are used by international investors as indications of sovereign risk. See also <i>credit rating</i> .
Real effective exchange rate	A measure of the rate of exchange of the rand relative to a trade-weighted average of South Africa's trading partners' currencies, adjusted for price trends in South Africa and the countries included.
Real expenditure	Expenditure measured in constant prices after taking account of inflation.
Real interest rate	The level of interest after taking account of inflation.
Real wage	The return, or wage, to employees, measured at a constant price level.

Recapitalisation	Injection of funds into a company or entity to aid liquidity, either as a loan or in return for equity.
Recession	A period in which national output and income decline. A recession is usually defined as two consecutive quarters of negative growth.
Redemption	The return of an investor's principal in a fixed-income security, such as a preferred stock or bond.
Refinancing	The repayment of debt at a scheduled time with the proceeds of new loans.
Refinancing risk	The risk that government will not be able to raise money to repay debt at any scheduled point, or that it will have to do so at a high cost.
Regional integration	An economic policy intended to boost economic activity in a geographical area extending beyond one country.
Remuneration	The costs of personnel, including salaries, housing allowances, car allowances and other benefits received by personnel.
Renewable Independent Power Producer Procurement Programme	A competitive tender process designed to facilitate private-sector investment in grid-connected renewable energy generation to increase South Africa's generation capacity.
Repurchase agreements	Short-term contracts between the Reserve Bank and private banks in the money market to sell specified amounts of money at an interest rate determined by daily auction.
Repurchase (repo) rate	The rate at which the Reserve Bank lends to commercial banks.
Reserves (foreign exchange)	Holdings of foreign exchange, either by the Reserve Bank only or by the Reserve Bank and domestic banking institutions.
Residence-based income tax system	A tax system in which the worldwide income accruing to a resident of a country is subject to the taxes of that country.
Retail bond	A fixed-income security issued by the National Treasury targeting retail investors. Two variants are offered: fixed-rate and inflation-linked retail bonds.
Revaluation gain/loss	The difference between the value of a foreign currency deposit from the original (historical) rate to execution of a trade based on the spot rate.
Risk premium	A return that compensates for uncertainty.
Saving	The difference between income and spending.
Seasonally adjusted	The removal of seasonal volatility (monthly or quarterly) from a time series dataset. This provides a measure of the underlying trend in the data.
Secondary market	A market where securities are bought and sold by participants in the capital market following primary market issuance.
Secondary market pricing	The price at which securities are bought and sold in the secondary market.
Secondary rebate	A rebate from income tax, in addition to the primary rebate, that is available to taxpayers aged 65 years and older.
Secondary sector	The part of the economy concerned with the manufacture of goods.
Secondary tax on companies	Tax on dividends declared by a company, calculated at the rate of 10 per cent of the net amount of dividends declared. This was discontinued in 2012 and replaced with a 15 per cent dividend withholding tax.
Section 21 company	Non-profit entities registered in terms of section 21 of the Companies Act.
Sector education and training authorities	Institutions funded through skills development levies, responsible for learnership programmes and implementing strategic sector skills plans.
Secured debt instruments	Debt backed or secured by collateral to reduce the risk of lending.
Securitisation	The pooling of assets into a financial instrument to sell to different types of investors.
Service and transfer payments	Services involve transactions of non-tangible commodities, while transfers are unrequited transactions that do not generate a counter-economic value (for example, gifts and grants).

Significant owner	A person who directly or indirectly materially controls or influences the business or strategy of a financial institution.
Skills development levy	A payroll tax designed to finance training initiatives in terms of the skills development strategy.
Social infrastructure	Infrastructure that supports social services.
Social wage	Social benefits available to all individuals, funded wholly or partly by the state.
Source-based income tax system	A system in which income is taxed in the country where the income originates.
Southern African Customs Union agreement	An agreement between South Africa, Botswana, eSwatini, Lesotho and Namibia that allows for the unrestricted flow of goods and services, and the sharing of customs and excise revenue.
Southern African Development Community	A regional intergovernmental organisation that promotes collaboration, economic integration and technical cooperation throughout southern Africa.
Sovereign debt	Debt issued by a government.
Sovereign debt rating	An assessment of the likelihood that a government will default on its debt obligations.
Sovereign risk premium	The extra interest investors demand to hold government debt over “risk-free” alternatives.
Spatial inequalities	The unequal distribution of resources, services and opportunities across geographical regions or areas within a society.
Spatial planning	Planning to influence the geographic distribution of people and economic activity.
Special appropriation	The approval by Parliament of spending from the National Revenue Fund to appropriate additional funds other than the main support appropriation in the Budget Act.
Special economic zone	A designated zone where business and trade laws incentivise trade, investment and employment.
Specific excise duty	A tax on each unit of output or sale of a good, unrelated to the value of a good.
Stablecoin	A type of crypto asset designed to maintain a stable value relative to a specified asset, or a pool/basket of assets.
Standing appropriations	Government’s expenditure obligations that do not require a vote or statutory provision, including contractual guarantees and international agreements.
State-owned entity	A legal entity created by a government to partake in commercial activities on the government’s behalf.
Statutory appropriations	Amounts appropriated to be spent in terms of statutes and not requiring appropriation by vote.
Sterilisation	Action taken by the Reserve Bank to neutralise excess cash created in the money market when purchasing foreign currency.
Structural budget balance	A representation of what government revenue and expenditure would be if output were at its potential level, with cyclical variations stripped out.
Structural constraints	Imbalances in the structure of the economy that hinder growth and development.
Structural deficit	It is the excess of public spending over revenues that would continue even if the economy grew steadily at its highest sustainable employment rate.
Structural reforms	Measures put in place to substantially change the economy, or the institutional and regulatory framework in which people and businesses operate.
Sunset clause	A clause in a public policy that allows for a law to cease being in effect after a specified date.
Switch auction	An auction to exchange bonds to manage refinancing risk or improve tradability.

Syndicated loan	A large loan in which a group of banks work together to provide funds, which they solicit from their clients for the borrower.
Tariffs	Tax imposed by a government on goods or services imported from another country.
Taxable income	The income that is subject to taxation, calculated by subtracting deductions and exemptions from the total gross income.
Tax amnesty	A period allowed by tax authorities during which taxpayers who are outside the tax net, but should be registered for tax purposes, can register for tax without incurring penalties.
Tax avoidance	When individuals or businesses legitimately use provisions in the tax law to reduce their tax liability.
Tax base	The aggregate value of income, sales or transactions on which particular taxes are levied.
Tax buoyancy	The relationship between total tax revenue collections and economic growth. This measure includes the effects of policy changes on revenue. A value above 1 means that revenues are growing faster than the economy; a value below 1 means they are growing below the rate of GDP growth.
Tax evasion	When individuals or businesses illegally reduce their tax liability.
Tax expenditure	Government revenue forgone due to provisions that allow deductions, exclusions or exemptions from taxable income. The revenue can also be forgone through the deferral of tax liability or preferential tax rates.
Tax gap	A measure of tax evasion that emerges from comparing the tax liability or tax base declared to the tax authorities with the tax liability or tax base calculated from other sources.
Tax incentives	Specific provisions in the tax code that provide favourable tax treatment to individuals and businesses to encourage specific behaviour or activities.
Tax incidence	The final distribution of the burden of tax. Statutory incidence defines where the law requires a tax to be levied. Economic incidence refers to those who experience a decrease in real income as a result of the imposition of a tax.
Tax loopholes	Unintended weaknesses in the legal provisions of the tax system used by taxpayers to avoid paying tax liability.
Tax morality	The willingness, or motivation, of citizens to pay tax. This is separate from the statutory obligation to pay taxes but may influence tax compliance.
Tax policy measures	Preferential or discretionary actions that modify the basic tax system, enabling governments to achieve certain objectives.
Tax-to-GDP ratio	The total tax payments for a particular fiscal year as a fraction or percentage of the GDP for that year.
Tax treaty	An agreement between two countries to resolve issues involving double taxation of income of their residents. See also <i>double tax agreement</i> .
Technical Committee on the Budget	A committee of Directors-General from government departments, chaired by the National Treasury, broadly representing government clusters. The committee's role is to consider budget proposals and make clear recommendations regarding allocations to the Ministers' Committee on the Budget.
Terms of trade	An index measuring the ratio of a country's export prices relative to its import prices.
Term-to-maturity	The time between issuance and expiry.
Tertiary sector	The part of the economy concerned with the provision of services.
Total factor productivity	An index used to measure the efficiency of all inputs that contribute to the production process.
Trade balance	The monetary record of a country's net imports and exports of physical merchandise and services. See also <i>current account</i> .

Trade regime		The system of tariffs, quotas and quantitative restrictions applied to protect domestic industries, together with subsidies and incentives used to promote international trade.
Trade-weighted rand		The value of the rand pegged to or expressed relative to a market basket of selected foreign currencies.
Transfer pricing		The setting of the price at which connected persons transfer goods or services between themselves.
Treasury bills		Short-term government debt instruments that yield no interest but are issued at a discount. Maturities vary from one day to 12 months.
Treaty shopping		When related companies in different countries establish a third entity in another location to take advantage of a favourable tax arrangement.
Trend GDP growth		The theoretical level of GDP growth, where growth above the trend rate results in macroeconomic imbalances such as rising inflation or a weakening of the current account.
Two-pot retirement reform		A reform that will allow retirement fund members to make partial withdrawals from their retirement funds before retirement, while preserving a portion that can only be accessed at retirement to help improve retirement outcomes.
Unallocated reserves		Potential expenditure provision not allocated to a particular use.
Unauthorised expenditure		The overspending of a vote or main division within a vote, or expenditure that was not made in accordance with the purpose of a vote, or in the case of a main division, not in accordance with the purpose of main division.
Unemployment (broad definition)	(broad definition)	All those of working age who are unemployed, including those actively seeking employment and discouraged work seekers.
Unemployment (official definition)	(official definition)	Those of working age who are unemployed and actively seeking work (excludes discouraged work seekers).
Unitary payment		The payment made to a private party for meeting its obligations in a public-private partnership.
Unit labour cost		The cost of labour per unit of output, calculated by dividing average wages by productivity (output per worker per hour).
Unqualified audit		An assessment by a registered auditing firm or the Auditor-General of South Africa asserting that the financial statements of a department, entity or company are free of material misstatement.
Unsecured debt instruments		Debt not backed or secured by collateral to reduce the risk of lending.
Unsecured lending		A loan that is not backed or secured by any type of collateral to reduce the lender's risk.
Unsolicited proposal		Any proposal received by an institution outside its normal procurement process that is not an unsolicited bid (a submission that must be innovative, unique and provided by a sole supplier).
VAT refund		The amount of value-added tax (VAT) repayable by the South African Revenue Service to a VAT vendor.
Venture capital company		In terms of South African regulation, a company whose sole objective is managing investments in qualifying companies (small businesses). Investments in venture capital companies are tax deductible.
Vertical equity		A principle in taxation that holds that differently situated taxpayers should be treated differently in terms of income tax provisions. In other words, taxpayers with more income and/or capital should pay more tax.
Vested right		The right to ownership of an asset that cannot be arbitrarily taken away by a third party.
Virement		The transfer of resources from one programme to another within the same department during a financial year.
Vote		An appropriation voted by Parliament.
Wage minima		The lowest amount of money an employer can legally pay an employee for their work.

Water trading account	A departmental account that ring-fences revenue from the sale of bulk water and related services to secure funding to manage the sustainability of water resources and infrastructure.
Weighted average cost of capital	The average rate of return an organisation expects to pay to investors in its securities, such as bonds, debt and shares. Each category of security is accorded a proportionate weight in the calculation.
White paper	A policy document used to present government policy preferences.
Withholding tax	Tax on income deducted at source. Withholding taxes are widely used for dividends, interest and royalties.
Yield	A financial return or interest paid to buyers of government bonds. The yield/rate of return on bonds includes the total annual interest payments, the purchase price, the redemption value and the time remaining until maturity.
Yield curve	A graph showing the relationship between the yield on bonds of the same credit quality but different years to maturity at a given point in time.
Zero-rated tax items	Consumable goods that are exempt from the 15 per cent VAT rate.

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**2026 BUDGET REVIEW**

**STATISTICAL ANNEXURE**



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



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- 1 Main budget: revenue, expenditure, budget balance and financing, 2019/20 to 2028/29
  - 2 Main budget: estimates of national revenue – summary of revenue, 2008/09 to 2028/29
  - 3 Main budget: estimates of national revenue – detailed classification of revenue, 2022/23 to 2028/29
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  - 5 Consolidated national, provincial and social security funds expenditure: economic classification, 2022/23 to 2028/29
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## EXPLANATORY NOTES

The statistical tables present details of the main budget; consolidated national, provincial and social security funds expenditure; consolidated government revenue and expenditure; consolidated government revenue, expenditure and financing; total government debt; and net loan debt, provisions and contingent liabilities.

The tables are categorised according to government levels, from the main budget to the consolidated government account. The main budget consists of National Revenue Fund receipts, expenditure either voted by Parliament or allocated by statutory appropriation, and deficit financing. This is the national budget, including transfers to other spheres of government.

Consolidated national, provincial and social security funds expenditure consists of the main (national) budget, and the provincial and the social security funds' budgets or expenditure. These budgets are aggregated and transfers between the three spheres of government are netted out to arrive at a total consolidated expenditure figure. The consolidated government revenue, expenditure and financing budget includes national, provincial and social security funds, the Reconstruction and Development Programme (RDP) Fund and national public entities. This is referred to as the consolidated budget.

While government revenues are concentrated at a national level, a large proportion of expenditure has shifted to the provinces since 1994. Equitable share transfers to the nine provinces are included as a government statutory commitment on the National Treasury vote. In contrast, the local government equitable share is appropriated on the vote of the Department of Cooperative Governance. The consolidated government account consists of all the activities of the national and provincial governments and includes most of the listed public entities. The consolidation also includes several national government business enterprises.

Since more than 50 per cent of total national expenditure on the 2026/27 main budget consists of transfer payments to other levels of general government, economic and functional classifications of national budget expenditure are not comprehensive. For analysis, it would be preferable to present economic and functional classifications of general government expenditure, but this would require information on expenditure at all levels of general government, its financing through revenue, balances brought forward and transfer payments (mainly from the national budget). This information is not readily available to the local government. Historical data on general government

finances is, however, published by the Reserve Bank in its *Quarterly Bulletin* and by Statistics South Africa.

## **Change in recording of extraordinary receipts and payments in the budget tables**

Since 2014, the consolidated government account has been presented in a more transparent format in line with the International Monetary Fund's *Government Finance Statistics Manual (2014)*. This format provides details of operating activities, capital and infrastructure investment, as well as transactions in financial assets and liabilities. The calculation of the budget balance includes all government transactions. Previously, extraordinary receipts and payments were added to the budget deficit to calculate government's net borrowing requirement. In the new format, there is no longer a difference between the budget balance and the net borrowing requirement. These transactions are now referred to as National Revenue Fund receipts and payments.

## **Treatment of foreign grants to the RDP Fund**

All international technical assistance and other RDP-related grants are paid to the RDP Fund account, which is separated from government accounts. Departments incur expenditure on RDP-related projects through direct requisitions from this account. However, disbursements of foreign grants and technical assistance are included in the consolidated national and provincial expenditure estimates in Tables 5 and 6, and the consolidated government expenditure in Table 7.

## **Adjustments due to transactions in government debt**

As part of the state's active management of its debt portfolio, government bonds are repurchased or switched into new bonds. In the process, government may make a capital profit, which is a book entry change in the bond discount. This capital profit does not represent actual cash flow and is regarded as a "book profit", which lowers the outstanding debt.

A premium may also be accrued, or payable, in managing the debt portfolio or when entering into new loans. Under the new format, premiums paid or received are now classified as receipts and payments of the National Revenue Fund, rather than being categorised as extraordinary receipts and payments.

## **Sources of information**

The information in Tables 1 to 11 on national and provincial government and public entity finances is obtained from the following sources:

- Reports of the Auditor-General on the Appropriation and Miscellaneous Accounts
- Printed estimates of revenue and expenditure for the national and provincial budgets
- The Reserve Bank
- The South African Revenue Service (SARS)
- Monthly press releases from the National Treasury, published in terms of section 32 of the Public Finance Management Act (1999).

## **Main budget: revenue, expenditure, budget balance and financing (Table 1)**

Table 1 summarises the main budget balances since 2019/20 and medium-term estimates to 2028/29. In line with the economic reporting format introduced in 2009, the revenue classification shows departmental sales of capital assets separately.

Appropriations by vote are divided into current payments, transfers and subsidies, payments for capital assets and payments for financial assets. Both current and capital transfers are included in transfers and subsidies, in line with the economic reporting format's requirements.

Repayments of loans and advances, which were previously shown as negative expenditure, have been reclassified as revenue. The national budget deficit (negative budget balance) is due to a higher increase in expenditure relative to the revenue collected over the same period.

The Eskom debt-relief arrangement provides financial support through an interest-bearing loan classified as financing. As of 31 December 2025, the government has provided Eskom with financial support amounting to R140 billion, which has been fully converted into equity. The remaining R40 billion allocated for 2025/26 will be disbursed in the last quarter of 2025/26.

In line with the Eskom Debt Relief Amendment Act, 2025, the debt-takeover framework originally set out in the Eskom Debt Relief Act, 2023 has been revised. The initial provision for a R70 billion debt takeover has been replaced with advances amounting to the total of R50 billion, comprising R40 billion to be disbursed in the 2025/26 financial year and R10 billion to be disbursed in the 2028/29 financial year.

The Gold and Foreign Exchange Contingency Reserve Account (GFECRA) settlement arrangement is recorded as a return on an investment (which is a balance sheet transaction) and not as government revenue. The settlement is set aside to reduce government's borrowing requirement and is shown separately as part of the calculation of national government's gross borrowing requirement.

The deficit figures presented in this table differ from those presented in budgets before 1995/96 because several items that were previously regarded as "below-the-line" expenditure have been included in total expenditure. In addition, revaluations of foreign loan obligations are excluded from expenditure, in keeping with international practice.

Under the "financing" item, domestic short-term loans include net transactions in Treasury bills and borrowing from the Corporation for Public Deposits. Long-term loans include all transactions in domestic government bonds and foreign loans (new loan issues, repayments on maturity, buybacks, switches and reverse purchase transactions).

## **Main budget: estimates of national revenue (Tables 2 and 3)**

Table 2 presents a summary of revenue, and the details are set out in Table 3. Main budget revenue collections are recorded on an adjusted cash basis as the revenue is recorded in the SARS ledgers. Tax revenue is classified according to standard international categories and departmental receipts according to the economic reporting format's requirements.

In Table 3, a large amount of data cannot be reclassified to align with the economic reporting format because departments capture these transactions in their ledgers as miscellaneous receipts.

### **Main budget: expenditure defrayed from the National Revenue Fund by vote (Table 4)**

Table 4 contains estimates of expenditure on national budget votes for the period 2022/23 to 2028/29. In 2025/26, amounts included in the budget estimate, the adjusted appropriation and the revised estimate on each vote are shown. Historical data has been adjusted to account for function shifts between departments. As a result, the figures presented for some departments may differ from their financial statements. Total expenditure, however, is not influenced by these changes.

### **Consolidated national, provincial and social security funds expenditure (Tables 5 and 6)**

Tables 5 and 6 show the economic and functional classification of payments for the consolidated national and provincial government and social security funds, including the Unemployment Insurance Fund, the Road Accident Fund and the Compensation Fund. Provincial expenditure estimates are preliminary because their budgets are tabled after the national budget. As such, these estimates are subject to change before being tabled in provincial legislatures.

#### *The functional classification*

The functional classification in this annexure is aligned with the classification of government functions set out in the *Government Finance Statistics Manual*. The historical data published in these tables has been reclassified accordingly. Chapter 5 of the *Budget Review*, which sets out the medium-term expenditure framework, outlines the budget allocations across these function groups.

To support this approach, data at programme and entity level is aggregated into spending categories, which provides for a higher level of aggregation than in the functional classification. For example, functional classification tables include local development and social infrastructure as distinct functions. The fiscal statistics are an outcome of the budget process and can only be used as a guide to categorise expenditure for budgeting purposes.

Some of the most important differences between the key spending categories presented in Chapter 5 and the more detailed functional classification presented in the statistical tables are as follows:

- *Learning and culture*: Expenditure in this category includes spending related to school and tertiary education, as well as arts, culture, sport and recreation. In the statistical tables, this expenditure is included as part of either the education or recreation, culture and religion functions.
- *Economic development*: Expenditure related to innovation, science and technology is included in the economic development function group, while in the statistical tables it is classified as research and development according to the function to which it relates.

- *Peace and security*: This includes expenditure by defence, police, justice and home affairs. In the statistical tables, the bulk of this expenditure is included in the public order and safety function, with home affairs split between general public services and public order and safety.
- *General public services*: In the key spending categories, transfers made to international organisations are classified within the category of the paying department. In the statistical tables, they are classified under general public services.

## Consolidated government revenue and expenditure (Tables 7 and 8)

Tables 7 and 8 show the economic and functional classification of payments for the consolidated government budget. This consists of the consolidated national, provincial and social security figures presented in Tables 5 and 6, combined with general government entities, as well as some government business enterprises.

The government budget consolidation includes all entities controlled and mainly financed by government revenue, where such revenue is defined as either taxes, levies and administrative or service fees prescribed by government, or direct budgetary support in the form of transfer payments. This consolidation also includes several government business enterprises, based on the principle that they either sell most of their goods and services to government institutions or departments at regulated prices, and are therefore not businesses in the true sense of the word, or they are directly involved in infrastructure financing and development.

Accordingly, state-owned entities are broadly identified as one of the following:

- Enterprises that sell mainly to government departments or institutions, that have no clear competitors and whose prices are therefore not clearly market-related.
- Science councils that conduct research or fulfil a regulatory or advisory function, with government-determined regulatory or administration fees.
- Government-regulated businesses that are primarily financed by a dedicated tax, administration fee or levy (the level of which is dictated by government), or that are directly involved in the maintenance or extension of critical infrastructure.

To present consolidated accounts, all units use the same accounting standards and policies. The format of the accounts, terminology used, classification, transaction coverage and accounting base (cash or accrual) must be the same. In this respect, the consolidated government budget is prepared on an adjusted cash basis of accounting. This is not strictly comparable to the financial information published in the consolidated financial statements, which has two components – a consolidation of departments using the modified cash basis of accounting and a separate consolidation of public entities that apply the accrual basis of accounting.

All transactions that occur between units being consolidated are eliminated. A transaction of one unit is matched with the same transaction recorded for the second unit and both transactions are eliminated from the consolidation. For example, if a public entity sells a service to a government department and data for the two units is being consolidated, neither the sale nor the purchase of

the service is reported. In this way, only transactions between government and non-government entities are recorded, without inflating total government revenue as a result of internal transactions.

Not all intra-entity transactions are eliminated, however, because they are not always identifiable in the accounting systems of government and many of its agencies. Only those that can be identified have been eliminated. These broadly include:

- Transactions involving transfers from one government unit to another, including transfers made by national departments to public entities and transfers between public entities (such as Water Trading Entity transfers to water boards).
- Purchases of goods and services from other government units included in the consolidation (such as transactions between the Trans-Caledon Tunnel Authority, water boards and the Water Trading Entity).

As data collection and recording procedures for transactions improve, additional intra-entity transactions will be identified and removed from the consolidated government budget.

A total of 162 national and provincial departments and 196 entities are included in the 2026 consolidated government budget. The National Treasury is committed to presenting a comprehensive consolidation of the entire general government over time. Considerable work has been done to align the local government accounts with national and provincial accounts. A classification reporting framework has been developed for municipalities as a first step towards the consolidation of the financial information of all three spheres of government.

### **Consolidated government revenue, expenditure and financing (Table 9)**

Table 9 presents the government account, which distinguishes between government's operating activities and its plans to invest in capital and infrastructure.

The balance on the operating account shows the outcome of government's operating activities, which is a measure of the cost of ongoing operations. It is calculated as the difference between current revenue and current expenditure, and the resulting balance shows how much government must borrow to run its operations. The current balance demonstrates the sustainability of government operations.

Capital investment activities are presented in the capital account. Government's capital financing requirement is the outcome of this account, which is calculated as the difference between capital revenue and capital expenditure. This account will mainly be in deficit due to continuous investment in infrastructure and substantial capital outlays.

### **Total debt of government (Table 10)**

Table 10 shows the major components of government debt. Net loan debt consists of total domestic and foreign debt less the cash balances of the National Revenue Fund. The balances on the Gold and Foreign Exchange Contingency Reserve Account, which represent net revaluation profits and losses incurred on gold and foreign exchange transactions, are also disclosed.

## **Net loan debt, provisions and contingent liabilities (Table 11)**

Provisions are liabilities with uncertain payment dates or amounts. The provisions for multilateral institutions are the unpaid portion of government's subscriptions to these institutions, which are payable on request. Contingent liabilities are obligations that only result in expenditure when an uncertain future event occurs. Both explicit and implicit contingent liabilities are disclosed. Implicit contingent liabilities are mostly the actuarial deficits of social security funds, while explicit contingent liabilities are mostly guarantees for state-owned companies, public-private partnership projects and the Renewable Energy Independent Power Producer Procurement Programme. In the case of guarantees for state-owned companies, the exposure disclosed is the amount borrowed against a guarantee, any related revaluation adjustments due to the inflation rate and/or exchange rate movements, and any related interest on this amount, if guaranteed. The National Treasury published detailed information on provisions and contingent liabilities in the annual consolidated financial statements of national departments.

**Table 1**  
**Main budget: revenue, expenditure, budget balance and financing 1)**

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual outcome				Preliminary outcome	
<b>R million</b>						
<b>Main budget revenue</b>						
Current revenue	1 329 942.0	1 209 839.9	1 555 283.0	1 682 007.0	1 694 154.1	1 793 012.0
Tax revenue (gross) 2)	1 355 766.3	1 249 711.2	1 563 754.2	1 686 697.4	1 740 870.0	1 855 270.1
Less: SACU payments 3)	-50 280.3	-63 395.2	-45 966.2	-43 683.4	-79 811.0	-89 874.1
Non-tax revenue (departmental and other receipts) 4)	24 456.1	23 523.9	37 494.9	38 993.0	33 095.1	27 616.0
Financial transactions in assets and liabilities 5)	15 807.2	28 404.7	8 853.5	17 020.9	29 660.6	16 428.2
Sales of capital assets	120.7	124.1	136.3	186.8	192.3	349.4
<b>Total revenue</b>	<b>1 345 869.9</b>	<b>1 238 368.7</b>	<b>1 564 272.8</b>	<b>1 699 214.7</b>	<b>1 724 007.1</b>	<b>1 809 789.7</b>
<b>Main budget expenditure</b>						
Direct charges against the National Revenue Fund	751 508.2	789 731.0	861 609.7	927 683.6	991 467.5	1 040 702.7
Debt-service costs 6)	204 769.4	232 595.7	268 071.6	308 459.1	356 109.9	385 843.7
Provincial equitable share	505 553.8	520 717.0	544 834.9	570 868.2	585 085.9	600 475.6
General fuel levy sharing with metropolitan municipalities	13 166.8	14 026.9	14 617.3	15 334.8	15 433.5	16 126.6
Public-sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations	5 420.2	5 128.8	5 981.110	6 709.2	6 597.2	7 299.8
Skills levy and SETAs	18 283.8	12 413.0	19 011.6	20 808.9	22 424.5	24 137.4
Other 7)	4 314.2	4 849.7	9 093.2	5 503.3	5 816.5	6 819.6
Appropriated by vote	939 494.0	999 284.8	1 025 670.2	1 081 473.2	1 055 447.2	1 103 942.6
Current payments 8)	245 038.8	238 160.3	256 143.1	263 178.2	267 913.5	282 999.3
Transfers and subsidies 9)	617 775.7	660 549.5	686 577.4	735 442.6	768 748.6	798 096.0
Payments for capital assets 10)	12 107.9	12 001.6	14 253.4	16 429.5	17 246.0	16 603.1
Payments for financial assets 11)	64 571.6	88 573.3	68 696.4	66 422.9	1 539.1	6 244.3
Provisional allocations not appropriated	-	-	-	-	-	-
Infrastructure Fund not appropriated	-	-	-	-	-	-
Unallocated reserve	-	-	-	-	-	-
<b>Total</b>	<b>1 691 002.2</b>	<b>1 789 015.8</b>	<b>1 887 279.9</b>	<b>2 009 156.8</b>	<b>2 046 914.7</b>	<b>2 144 645.3</b>
Contingency reserve	-	-	-	-	-	-
<b>Total expenditure</b>	<b>1 691 002.2</b>	<b>1 789 015.8</b>	<b>1 887 279.9</b>	<b>2 009 156.8</b>	<b>2 046 914.7</b>	<b>2 144 645.3</b>
<b>Main budget balance</b>	<b>-345 132.2</b>	<b>-550 647.1</b>	<b>-323 007.2</b>	<b>-309 942.1</b>	<b>-322 907.6</b>	<b>-334 855.7</b>
Percentage of GDP	-6.0%	-9.8%	-5.1%	-4.6%	-4.5%	-4.5%
<b>Redemptions</b>	<b>-70 656.6</b>	<b>-67 638.9</b>	<b>-65 292.2</b>	<b>-90 324.0</b>	<b>-144 394.8</b>	<b>-98 619.8</b>
Domestic long-term loans	-19 427.7	-53 222.6	-61 373.4	-74 562.4	-97 250.1	-61 000.7
Foreign loans 12)	-51 229.0	-14 416.3	-3 918.8	-15 761.6	-47 144.7	-37 619.1
<b>Eskom debt-relief arrangement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-76 000.0</b>	<b>-64 000.0</b>
<b>GFCRA settlement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100 000.0</b>
<b>Gross borrowing requirement</b>	<b>-415 788.8</b>	<b>-618 286.0</b>	<b>-388 299.4</b>	<b>-400 266.1</b>	<b>-543 302.4</b>	<b>-397 475.4</b>
<b>Financing</b>						
<b>Change in loan liabilities</b>						
<b>Domestic short-term loans (net)</b>	<b>36 077.5</b>	<b>95 325.4</b>	<b>-7 954.8</b>	<b>-25 577.4</b>	<b>88 744.7</b>	<b>39 508.2</b>
<b>Domestic long-term loans</b>	<b>305 449.2</b>	<b>523 417.9</b>	<b>290 294.8</b>	<b>322 420.0</b>	<b>336 238.9</b>	<b>347 744.3</b>
Market loans	305 738.5	523 376.1	289 933.1	322 506.5	336 079.1	346 361.1
Loans issued for switches	-289.3	41.7	361.7	-86.5	824.1	1 130.8
Loans issued for repos	-	-	-	-	-664.3	252.4
<b>Foreign loans</b>	<b>76 052.0</b>	<b>91 919.7</b>	<b>31 315.5</b>	<b>64 465.6</b>	<b>45 663.0</b>	<b>67 356.7</b>
Market loans	76 052.0	91 919.7	31 315.5	64 465.6	45 663.0	67 356.7
<b>Change in cash and other balances (- increase)</b>	<b>-1 789.9</b>	<b>-92 377.1</b>	<b>74 643.9</b>	<b>38 958.0</b>	<b>72 655.8</b>	<b>-57 133.8</b>
<b>Total financing</b>	<b>415 788.8</b>	<b>618 286.0</b>	<b>388 299.4</b>	<b>400 266.1</b>	<b>543 302.4</b>	<b>397 475.4</b>
<b>GDP</b>	<b>5 709 241.0</b>	<b>5 613 698.0</b>	<b>6 318 700.0</b>	<b>6 768 189.0</b>	<b>7 114 369.0</b>	<b>7 398 860.0</b>
National Revenue Fund transactions 13)						
National Revenue Fund receipts	12 801.3	25 769.9	6 068.4	5 221.3	19 034.9	8 461.7
National Revenue Fund payments	-468.5	-588.3	-2 173.4	-263.3	-1 093.1	-2 147.4
<b>Net</b>	<b>12 332.9</b>	<b>25 181.6</b>	<b>3 895.0</b>	<b>4 958.0</b>	<b>17 941.9</b>	<b>6 314.4</b>

1) This table summarises revenue, expenditure and the main budget balance since 2018/19. As available data is incomplete, the estimates are not fully consistent with other sources, such as the Government Finance Statistics series of the Reserve Bank.

2) Mining leases and ownership have been reclassified as non-tax revenue (rent on land). Historical numbers have been adjusted for comparative purposes.

3) Payments in terms of Southern African Customs Union (SACU) agreements.

4) Excludes sales of capital assets, discount and revaluation of foreign loan repayments.

5) Includes National Revenue Fund receipts, conduit receipts related to the Independent Communications Authority of South Africa for licence fees and South African National Roads Agency for debt repayment by Gauteng provincial government for the Gauteng Freeway Improvement Project as well as the sale of non-core assets.

6) Includes interest, cost of raising loans and management cost but excludes discount on the issue of new government debt instruments and the revaluation of foreign loan repayments.

7) Includes direct appropriations in respect of the salaries of the President, Deputy President, judges, magistrates, members of Parliament, Auditor-General of South Africa, National Revenue Fund payments (previously classified as extraordinary payments), the International Oil Pollution Compensation Funds, payment of guarantees, indemnities and securities to the Land and Agricultural Development Bank of South Africa, Denel and the South African Reserve Bank and allocations made in the 2026 Special Appropriation (2025/26 financial year) Bill.

Source: National Treasury

Table 1  
Main budget: revenue, expenditure, budget balance and financing 1)

2025/26			2026/27	2027/28	2028/29	
Budget estimate	Revised estimate	Deviation	Medium-term estimates			R million
1 935 167.7	1 963 301.6	28 133.9	2 069 942.2	2 182 831.2	2 312 918.7	<b>Main budget revenue</b>
1 985 602.7	2 006 947.4	21 344.8	2 126 961.6	2 248 628.4	2 376 152.9	Current revenue
-73 552.1	-73 552.1	-	-78 407.7	-87 664.9	-86 233.9	2) Tax revenue (gross)
23 117.1	29 906.3	6 789.2	21 388.3	21 867.6	22 999.8	3) Less: SACU payments
14 097.0	14 773.3	676.3	11 929.1	7 860.6	7 526.2	4) Non-tax revenue (departmental and other receipts)
144.0	156.6	12.6	131.8	143.6	155.6	5) Financial transactions in assets and liabilities
						Sales of capital assets
<b>1 949 408.7</b>	<b>1 978 231.5</b>	<b>28 822.8</b>	<b>2 082 003.1</b>	<b>2 190 835.4</b>	<b>2 320 600.6</b>	<b>Total revenue</b>
1 114 810.6	1 131 867.9	17 057.3	1 162 834.5	1 212 166.2	1 254 615.7	<b>Main budget expenditure</b>
426 345.6	420 609.6	-5 736.0	432 448.7	451 449.8	469 321.2	6) Direct charges against the National Revenue Fund
633 166.0	649 339.1	16 173.2	670 322.7	698 625.7	720 409.3	Debt-service costs
16 849.1	16 849.1	-	17 530.0	18 229.6	18 796.2	Provincial equitable share
						General fuel levy sharing with metropolitan municipalities
						Public-sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations
7 900.7	8 049.1	148.4	8 541.5	9 388.7	9 680.5	Skills levy and SETAs
26 006.0	25 978.6	-27.4	27 657.3	29 405.7	31 182.9	7) Other
4 543.3	11 042.4	6 499.2	6 334.3	5 066.7	5 225.7	Appropriated by vote
1 172 207.4	1 195 273.4	23 066.0	1 214 088.0	1 214 388.4	1 270 297.1	8) Current payments
298 663.8	301 835.7	3 171.9	309 467.8	322 272.4	332 375.1	9) Transfers and subsidies
846 692.6	863 269.6	16 577.0	884 643.1	872 998.8	916 856.0	10) Payments for capital assets
17 064.1	19 986.0	2 921.9	15 674.3	15 041.9	15 468.7	11) Payments for financial assets
9 786.9	10 182.1	395.2	4 302.9	4 075.3	5 597.3	Provisional allocations not appropriated
18 711.7	-	-18 711.7	1 322.2	38 206.8	39 199.5	Infrastructure Fund not appropriated
-	-	-	-	-	-	Unallocated reserve
-	-	-	-	-	-	<b>Total</b>
<b>2 305 729.7</b>	<b>2 327 141.2</b>	<b>21 411.5</b>	<b>2 378 244.7</b>	<b>2 464 761.4</b>	<b>2 564 112.3</b>	Contingency reserve
5 000.0	-	-5 000.0	5 008.0	10 602.9	16 957.2	<b>Total expenditure</b>
<b>2 310 729.7</b>	<b>2 327 141.2</b>	<b>16 411.5</b>	<b>2 383 252.8</b>	<b>2 475 364.3</b>	<b>2 581 069.5</b>	
<b>-361 321.1</b>	<b>-348 909.7</b>	<b>12 411.3</b>	<b>-301 249.7</b>	<b>-284 528.9</b>	<b>-260 468.9</b>	<b>Main budget balance</b>
-4.6%	-4.5%	0.1%	-3.7%	-3.3%	-2.9%	Percentage of GDP
<b>-171 705.2</b>	<b>-159 520.5</b>	<b>12 184.7</b>	<b>-134 753.4</b>	<b>-284 151.2</b>	<b>-194 574.6</b>	<b>Redemptions</b>
-111 356.6	-102 904.9	8 451.7	-98 589.9	-260 250.2	-147 724.3	Domestic long-term loans
-60 348.6	-56 615.6	3 733.0	-36 163.4	-23 901.0	-46 850.2	12) Foreign loans
<b>-80 223.0</b>	<b>-80 000.0</b>	<b>223.0</b>	<b>-</b>	<b>-</b>	<b>-10 000.0</b>	<b>Eskom debt-relief arrangement</b>
<b>25 000.0</b>	<b>25 000.0</b>	<b>-</b>	<b>56 000.0</b>	<b>-</b>	<b>-</b>	<b>GFECRA settlement</b>
<b>-588 249.2</b>	<b>-563 430.2</b>	<b>24 819.0</b>	<b>-380 003.0</b>	<b>-568 680.1</b>	<b>-465 043.5</b>	<b>Gross borrowing requirement</b>
						<b>Financing</b>
						<b>Change in loan liabilities</b>
<b>37 162.0</b>	<b>39 583.0</b>	<b>2 421.0</b>	<b>26 900.0</b>	<b>45 200.0</b>	<b>35 900.0</b>	<b>Domestic short-term loans (net)</b>
<b>345 300.0</b>	<b>387 900.5</b>	<b>42 600.5</b>	<b>242 500.0</b>	<b>406 800.0</b>	<b>323 200.0</b>	<b>Domestic long-term loans</b>
345 300.0	388 713.0	43 413.0	242 500.0	406 800.0	323 200.0	Market loans
-	-725.9	-725.9	-	-	-	Loans issued for switches
-	-86.6	-86.6	-	-	-	Loans issued for repos
<b>98 873.9</b>	<b>110 571.6</b>	<b>11 697.7</b>	<b>53 734.7</b>	<b>85 768.0</b>	<b>87 409.4</b>	<b>Foreign loans</b>
98 873.9	110 571.6	11 697.7	53 734.7	85 768.0	87 409.4	Market loans
<b>106 913.3</b>	<b>25 375.1</b>	<b>-81 538.2</b>	<b>56 868.3</b>	<b>30 912.0</b>	<b>18 534.1</b>	<b>Change in cash and other balances (- increase)</b>
<b>588 249.2</b>	<b>563 430.2</b>	<b>-24 819.0</b>	<b>380 003.0</b>	<b>568 680.1</b>	<b>465 043.5</b>	<b>Total financing</b>
<b>7 872 157.0</b>	<b>7 756 745.8</b>	<b>-115 411.2</b>	<b>8 188 089.8</b>	<b>8 615 135.9</b>	<b>9 077 256.4</b>	<b>GDP</b>
-	6 644.9	6 644.9	-	1 149.0	1 167.0	13) National Revenue Fund transactions
-	-6 252.8	-6 252.8	-1 485.0	-	-	National Revenue Fund receipts
-	<b>392.1</b>	<b>392.1</b>	<b>-1 485.0</b>	<b>1 149.0</b>	<b>1 167.0</b>	National Revenue Fund payments
						<b>Net</b>

8) Includes compensation of employees, payments for goods and services, interest and rent on land. Payment for medical benefits to former employees has been moved to transfers.

9) Includes current and capital transfers and subsidies to business, households, foreign countries and other levels and funds of general government.

10) Includes acquisition and own account construction of new assets and the cost of upgrading, improving and extending existing capital assets.

11) Consists mainly of lending to public corporations or making equity investments in them for policy purposes.

12) Revaluation estimates are based on the National Treasury's projection of exchange rates.

13) National Revenue Fund payments include premiums paid on loan transactions and revaluation adjustments when utilising foreign exchange deposits.

National Revenue Fund receipts include premiums received on loan transactions and revaluation adjustments when utilising foreign exchange deposits.

Table 2  
Main budget: estimates of national revenue  
Summary of revenue

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual collections							
<b>R million</b>								
<b>Taxes on income and profits</b>	<b>383 482.7</b>	<b>359 044.8</b>	<b>379 941.2</b>	<b>426 583.7</b>	<b>457 313.8</b>	<b>507 759.2</b>	<b>561 789.8</b>	<b>606 820.5</b>
Personal income tax	195 145.7	205 145.0	226 925.0	250 399.6	275 821.6	309 931.2	352 950.4	388 102.4
Corporate income tax	165 539.0	134 883.4	132 901.7	151 626.7	159 259.2	177 459.6	184 925.4	191 151.6
Secondary tax on companies/dividends tax and interest withholding tax	20 017.6	15 467.8	17 178.2	21 965.4	19 738.7	17 308.8	21 247.3	24 152.8
Tax on retirement funds	143.3	42.7	2.8	6.7	0.2	–	–	–
Other	1) 2 637.2	3 505.9	2 933.6	2 585.3	2 494.1	3 059.6	2 666.7	3 413.7
<b>Taxes on payroll and workforce</b>	<b>7 327.5</b>	<b>7 804.8</b>	<b>8 652.3</b>	<b>10 173.1</b>	<b>11 378.5</b>	<b>12 475.6</b>	<b>14 032.1</b>	<b>15 220.2</b>
Skills development levy	2) 7 327.5	7 804.8	8 652.3	10 173.1	11 378.5	12 475.6	14 032.1	15 220.2
<b>Taxes on property</b>	<b>9 477.1</b>	<b>8 826.4</b>	<b>9 102.3</b>	<b>7 817.5</b>	<b>8 645.2</b>	<b>10 487.1</b>	<b>12 471.5</b>	<b>15 044.1</b>
Donations tax	125.0	60.1	64.6	52.7	82.1	112.8	167.0	134.8
Estate duty	756.7	759.3	782.3	1 045.2	1 013.0	1 101.5	1 488.6	1 982.2
Securities transfer tax	3) 3 664.5	3 324.0	2 932.9	2 886.1	3 271.9	3 784.3	4 150.1	5 530.7
Transfer duties	4 930.9	4 683.0	5 322.5	3 833.6	4 278.3	5 488.5	6 665.8	7 396.3
<b>Domestic taxes on goods and services</b>	<b>201 416.0</b>	<b>203 666.8</b>	<b>249 490.4</b>	<b>263 949.9</b>	<b>296 921.5</b>	<b>324 548.2</b>	<b>356 554.4</b>	<b>385 955.9</b>
Value-added tax	4) 154 343.1	147 941.3	183 571.4	191 020.2	215 023.0	237 666.6	261 294.8	281 111.4
Specific excise duties	20 184.5	21 289.3	22 967.6	25 411.1	28 377.7	29 039.5	32 333.6	35 076.7
Health promotion levy	–	–	–	–	–	–	–	–
Ad valorem excise duties	1 169.5	1 275.9	1 596.2	1 828.3	2 231.9	2 363.3	2 962.3	3 014.1
Fuel levies	24 883.8	28 832.5	34 417.6	36 602.3	40 410.4	43 684.7	48 466.5	55 607.3
Air departure tax	549.4	580.3	647.8	762.4	873.1	878.7	906.6	941.2
Electricity levy	–	3 341.7	4 996.4	6 429.7	7 983.9	8 818.9	8 648.2	8 471.8
Other	5) 285.6	405.7	1 293.3	1 895.8	2 021.4	2 096.5	1 942.5	1 733.4
<b>Taxes on international trade and transactions</b>	<b>22 852.4</b>	<b>19 318.9</b>	<b>26 977.1</b>	<b>34 121.0</b>	<b>39 549.1</b>	<b>44 732.2</b>	<b>41 462.9</b>	<b>46 942.3</b>
Customs duties	22 751.0	19 577.1	26 637.4	34 197.9	38 997.9	44 178.7	40 678.8	46 250.1
Health promotion levy on imports	–	–	–	–	–	–	–	–
Import surcharges	–	–	–	–	–	–	–	–
Other	6) 101.4	-258.3	339.7	-76.9	551.2	553.4	784.1	692.2
<b>Stamp duties and fees</b>	<b>571.8</b>	<b>49.5</b>	<b>3.1</b>	<b>-2.9</b>	<b>0.5</b>	<b>31.7</b>	<b>-1.2</b>	<b>0.4</b>
<b>State miscellaneous revenue</b>	<b>7) -27.4</b>	<b>-5.7</b>	<b>16.7</b>	<b>7.4</b>	<b>17.2</b>	<b>-19.1</b>	<b>-14.6</b>	<b>-0.8</b>
<b>TOTAL TAX REVENUE (gross)</b>	<b>625 100.2</b>	<b>598 705.4</b>	<b>674 183.1</b>	<b>742 649.7</b>	<b>813 825.8</b>	<b>900 014.7</b>	<b>986 295.0</b>	<b>1 069 982.6</b>
<b>Non-tax revenue</b>	8) <b>20 819.6</b>	<b>15 323.1</b>	<b>16 474.0</b>	<b>24 401.5</b>	<b>28 467.7</b>	<b>30 725.8</b>	<b>30 899.6</b>	<b>57 275.7</b>
<b>Less: SACU payments</b>	9) <b>-28 920.6</b>	<b>-27 915.4</b>	<b>-14 991.3</b>	<b>-21 760.0</b>	<b>-42 151.3</b>	<b>-43 374.4</b>	<b>-51 737.7</b>	<b>-51 021.9</b>
Other adjustment	10) <b>–</b>	<b>–</b>	<b>-2 914.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL MAIN BUDGET REVENUE</b>	<b>616 999.1</b>	<b>586 113.1</b>	<b>675 665.8</b>	<b>745 291.3</b>	<b>800 142.2</b>	<b>887 366.2</b>	<b>965 456.9</b>	<b>1 076 236.4</b>
<b>Current revenue</b>	<b>616 867.9</b>	<b>586 076.8</b>	<b>675 630.4</b>	<b>745 176.5</b>	<b>800 047.9</b>	<b>887 329.2</b>	<b>965 379.5</b>	<b>1 076 115.2</b>
Direct taxes	391 691.9	367 669.0	389 440.5	437 854.7	469 787.4	521 449.0	577 477.5	624 157.7
Indirect taxes	233 435.6	231 042.1	284 726.0	304 787.6	344 021.2	378 584.8	408 832.1	445 825.7
State miscellaneous revenue	-27.4	-5.7	16.7	7.4	17.2	-19.1	-14.6	-0.8
Non-tax revenue (excluding sales of capital assets)	11) 20 688.4	15 286.8	16 438.5	24 286.8	28 373.4	30 688.8	30 822.1	57 154.6
Less: SACU payments	-28 920.6	-27 915.4	-14 991.3	-21 760.0	-42 151.3	-43 374.4	-51 737.7	-51 021.9
<b>Sales of capital assets</b>	<b>131.2</b>	<b>36.3</b>	<b>35.4</b>	<b>114.7</b>	<b>94.3</b>	<b>37.0</b>	<b>77.4</b>	<b>121.1</b>
<b>National Revenue Fund receipts</b>	12) <b>8 203.4</b>	<b>6 428.6</b>	<b>3 013.9</b>	<b>5 209.2</b>	<b>12 302.8</b>	<b>11 709.3</b>	<b>12 647.0</b>	<b>14 377.5</b>

1) Includes interest on overdue income tax and small business tax amnesty (in 2007/08 and 2008/09).

2) Levy on payroll dedicated to skills development.

3) The securities transfer tax replaced the uncertificated securities tax from 1 July 2008.

4) Value-added tax (VAT) replaced general sales tax in September 1991.

5) Includes plastic bag levy (from 2004/05), Universal Service Fund (from 1999/00), levies on financial services (up to 2004/05), CO<sub>2</sub> motor vehicle emissions (from 2010/11), incandescent light bulb levy (from 2009/10), turnover tax for micro businesses (from 2009/10), tyre levy, International Oil Pollution Compensation Fund (from 2016/17) and carbon tax (from 2020/21). Mining leases and ownership have been reclassified as non-tax revenue. The historical years from 2000/01 have been adjusted for comparative purposes.

Source: National Treasury

Table 2  
Main budget: estimates of national revenue  
Summary of revenue

2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
<b>Actual collections</b>							<b>R million</b>
<b>664 526.4</b>	<b>711 703.0</b>	<b>738 740.6</b>	<b>772 684.8</b>	<b>718 180.5</b>	<b>912 870.0</b>	<b>988 505.3</b>	<b>Taxes on income and profits</b>
424 545.2	460 952.8	492 082.9	527 632.5	487 011.1	553 951.5	600 366.8	Personal income tax
204 431.8	217 412.0	212 046.1	211 522.2	202 123.4	320 446.9	344 659.9	Corporate income tax
31 575.7	28 559.6	30 523.1	28 526.4	25 335.7	33 898.2	38 844.6	Secondary tax on companies/dividends tax and interest withholding tax
-	-	-	-	-	-0.2	-	Tax on retirement funds
3 973.8	4 778.6	4 088.6	5 003.7	3 710.3	4 573.7	4 633.9	1) Other
<b>15 314.8</b>	<b>16 012.4</b>	<b>17 439.0</b>	<b>18 486.3</b>	<b>12 250.2</b>	<b>19 335.9</b>	<b>20 892.5</b>	<b>Taxes on payroll and workforce</b>
15 314.8	16 012.4	17 439.0	18 486.3	12 250.2	19 335.9	20 892.5	2) Skills development levy
<b>15 661.2</b>	<b>16 584.6</b>	<b>15 251.8</b>	<b>15 979.9</b>	<b>15 946.6</b>	<b>22 032.8</b>	<b>21 237.7</b>	<b>Taxes on property</b>
280.3	732.1	604.4	572.3	602.0	635.4	682.8	Donations tax
1 619.5	2 292.0	2 069.3	2 047.8	2 316.3	3 140.8	3 702.2	Estate duty
5 553.2	5 837.5	5 334.8	6 240.2	5 422.3	7 680.5	5 400.6	3) Securities transfer tax
8 208.3	7 723.0	7 243.2	7 119.6	7 606.0	10 576.1	11 452.1	Transfer duties
<b>402 463.9</b>	<b>422 248.3</b>	<b>460 544.6</b>	<b>492 282.8</b>	<b>455 866.6</b>	<b>549 806.3</b>	<b>579 990.1</b>	<b>Domestic taxes on goods and services</b>
289 166.7	297 997.6	324 766.0	346 760.8	331 196.8	390 895.1	422 416.4	4) Value-added tax
35 773.8	37 355.9	40 829.7	46 826.6	32 273.0	49 705.1	55 154.7	Specific excise duties
-	-	3 195.1	2 446.2	2 046.2	2 182.3	2 194.7	Health promotion levy
3 396.2	3 780.9	4 191.9	4 124.2	3 385.5	4 725.1	5 520.5	Ad valorem excise duties
62 778.8	70 948.6	75 372.2	80 175.2	75 502.8	88 889.1	80 472.8	Fuel levies
1 003.9	1 086.0	1 082.9	1 068.3	138.5	285.1	788.6	Air departure tax
8 457.7	8 501.0	8 404.0	8 290.7	7 739.3	7 890.6	7 374.4	Electricity levy
1 886.8	2 578.3	2 702.9	2 590.9	3 584.4	5 233.9	6 067.9	5) Other
<b>46 102.5</b>	<b>49 939.4</b>	<b>55 722.9</b>	<b>56 322.4</b>	<b>47 455.4</b>	<b>59 719.3</b>	<b>76 067.8</b>	<b>Taxes on international trade and transactions</b>
45 579.1	49 151.7	54 968.1	55 428.4	47 290.4	57 993.8	73 945.6	Customs duties
-	-	53.1	66.6	67.4	77.5	110.2	Health promotion levy on imports
-	-	-	-	-	-	-	Import surcharges
523.4	787.7	701.8	827.4	97.6	1 648.0	2 011.9	6) Other
-0.1	-0.3	0.0	-	-	-	-	<b>Stamp duties and fees</b>
<b>12.2</b>	<b>-23.5</b>	<b>-8.7</b>	<b>10.0</b>	<b>11.9</b>	<b>-10.1</b>	<b>4.1</b>	<b>7) State miscellaneous revenue</b>
<b>1 144 081.0</b>	<b>1 216 463.9</b>	<b>1 287 690.2</b>	<b>1 355 766.3</b>	<b>1 249 711.2</b>	<b>1 563 754.2</b>	<b>1 686 697.4</b>	<b>TOTAL TAX REVENUE (gross)</b>
33 271.8	35 849.3	35 869.0	40 384.0	52 052.7	46 484.7	56 200.7	8) Non-tax revenue
-39 448.3	-55 950.9	-48 288.6	-50 280.3	-63 395.2	-45 966.2	-43 683.4	9) Less: SACU payments
-	-	-	-	-	-	-	10) Other adjustment
<b>1 137 904.4</b>	<b>1 196 362.3</b>	<b>1 275 270.6</b>	<b>1 345 869.9</b>	<b>1 238 368.7</b>	<b>1 564 272.8</b>	<b>1 699 214.7</b>	<b>TOTAL MAIN BUDGET REVENUE</b>
<b>1 137 755.2</b>	<b>1 196 164.8</b>	<b>1 275 158.7</b>	<b>1 345 749.2</b>	<b>1 238 244.6</b>	<b>1 564 136.5</b>	<b>1 699 027.9</b>	<b>Current revenue</b>
681 741.0	730 739.5	758 853.4	793 791.2	733 349.0	935 982.2	1 013 782.8	Direct taxes
462 327.8	485 747.9	528 845.5	561 965.0	516 350.3	627 782.1	672 910.5	Indirect taxes
12.2	-23.5	-8.7	10.0	11.9	-10.1	4.1	State miscellaneous revenue
33 122.6	35 651.8	35 757.1	40 263.2	51 928.6	46 348.4	56 013.9	11) Non-tax revenue (excluding sales of capital assets)
-39 448.3	-55 950.9	-48 288.6	-50 280.3	-63 395.2	-45 966.2	-43 683.4	Less: SACU payments
<b>149.2</b>	<b>197.5</b>	<b>111.9</b>	<b>120.7</b>	<b>124.1</b>	<b>136.3</b>	<b>186.8</b>	<b>Sales of capital assets</b>
14 240.7	16 600.3	11 999.4	12 801.3	25 769.9	6 068.4	5 221.3	12) National Revenue Fund receipts

6) Includes miscellaneous customs and excise receipts, ordinary levy (up to 2004/05) and export duties (duty on scrap metal from 2021/22).

7) Includes revenue received by SARS that could not be allocated to a specific revenue type.

8) Includes sales of goods and services, fines, penalties and forfeits, interest, dividends and rent on land (including mineral and petroleum royalties and mining leases and ownership), sales of capital assets as well as transactions in financial assets and liabilities.

9) Payments in terms of SACU agreements.

10) Payment to SACU partners in respect of a previous error in calculation of the 1969 agreement.

11) Excludes sales of capital assets.

12) Previously classified as extraordinary revenue, includes sales of strategic fuel stocks, proceeds from sales of state assets and certain other receipts that are, by law, paid into the National Revenue Fund.

Table 2  
Main budget: estimates of national revenue  
Summary of revenue

	2023/24	2024/25	2025/26		2026/27			
	Actual collections		Revised estimates	% change on actual 2024/25	Budget estimates Before tax proposals	After tax proposals	% change on revised 2025/26	% of total budget revenue
<b>R million</b>								
<b>Taxes on income and profits</b>	<b>1 008 555.8</b>	<b>1 100 529.9</b>	<b>1 188 334.1</b>	<b>8.0%</b>	<b>1 264 312.8</b>	<b>1 264 312.8</b>	<b>6.4%</b>	<b>60.7%</b>
Personal income tax	648 911.1	729 911.0	786 213.6	7.7%	844 820.4	844 820.4	7.5%	40.6%
Corporate income tax	313 097.2	318 739.3	346 576.2	8.7%	364 261.6	364 261.6	5.1%	17.5%
Secondary tax on companies/dividends tax and interest withholding tax	40 309.3	44 132.0	47 431.7	7.5%	46 738.5	46 738.5	-1.5%	2.2%
Tax on retirement funds	-	-	-	-	-	-	-	-
Other 1)	6 238.2	7 747.6	8 112.6	4.7%	8 492.3	8 492.3	4.7%	0.4%
<b>Taxes on payroll and workforce</b>	<b>22 604.3</b>	<b>24 448.0</b>	<b>25 978.6</b>	<b>6.3%</b>	<b>27 657.3</b>	<b>27 657.3</b>	<b>6.5%</b>	<b>1.3%</b>
Skills development levy 2)	22 604.3	24 448.0	25 978.6	6.3%	27 657.3	27 657.3	6.5%	1.3%
<b>Taxes on property</b>	<b>19 399.9</b>	<b>22 505.1</b>	<b>25 952.3</b>	<b>15.3%</b>	<b>27 395.5</b>	<b>27 395.5</b>	<b>5.6%</b>	<b>1.3%</b>
Donations tax	801.1	1 144.5	1 150.5	0.5%	1 214.5	1 214.5	5.6%	0.1%
Estate duty	3 532.5	4 035.9	4 758.8	17.9%	5 023.5	5 023.5	5.6%	0.2%
Securities transfer tax 3)	5 485.0	5 958.0	7 271.0	22.0%	7 675.3	7 675.3	5.6%	0.4%
Transfer duties	9 581.3	11 366.7	12 772.1	12.4%	13 482.3	13 482.3	5.6%	0.6%
<b>Domestic taxes on goods and services</b>	<b>616 458.9</b>	<b>627 973.1</b>	<b>683 033.1</b>	<b>8.8%</b>	<b>718 632.9</b>	<b>718 632.9</b>	<b>5.2%</b>	<b>34.5%</b>
Value-added tax 4)	447 556.7	457 788.8	497 593.6	8.7%	521 363.3	521 363.3	4.8%	25.0%
Specific excise duties	53 522.0	59 680.1	62 358.3	4.5%	65 537.7	65 537.7	5.1%	3.1%
Health promotion levy	2 244.7	2 282.2	2 356.0	3.2%	2 476.2	2 476.2	5.1%	0.1%
Ad valorem excise duties	7 347.6	6 969.8	7 670.8	10.1%	8 097.3	8 097.3	5.6%	0.4%
Fuel levies	91 508.1	85 882.6	97 295.5	13.3%	104 871.8	104 871.8	7.8%	5.0%
Air departure tax	945.7	1 021.3	1 106.2	8.3%	1 143.7	1 143.7	3.4%	0.1%
Electricity levy	7 139.4	7 536.2	7 376.8	-2.1%	7 489.2	7 489.2	1.5%	0.4%
Other 5)	6 194.7	6 812.1	7 275.9	6.8%	7 653.7	7 653.7	5.2%	0.4%
<b>Taxes on international trade and transactions</b>	<b>73 848.8</b>	<b>79 825.7</b>	<b>83 649.4</b>	<b>4.8%</b>	<b>88 963.1</b>	<b>88 963.1</b>	<b>6.4%</b>	<b>4.3%</b>
Customs duties	70 548.6	76 698.1	80 519.6	5.0%	85 756.0	85 756.0	6.5%	4.1%
Health promotion levy on imports	114.8	140.4	153.3	9.2%	163.3	163.3	6.5%	0.0%
Import surcharges	-	-	-	-	-	-	-	-
Other 6)	3 185.4	2 987.1	2 976.5	-0.4%	3 043.9	3 043.9	2.3%	0.1%
<b>Stamp duties and fees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>State miscellaneous revenue</b> 7)	<b>2.1</b>	<b>-11.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TAX REVENUE (gross)</b>	<b>1 740 870.0</b>	<b>1 855 270.1</b>	<b>2 006 947.4</b>	<b>8.2%</b>	<b>2 126 961.6</b>	<b>2 126 961.6</b>	<b>6.0%</b>	<b>102.2%</b>
<b>Non-tax revenue</b> 8)	<b>62 948.1</b>	<b>44 393.7</b>	<b>44 836.2</b>	<b>1.0%</b>	<b>33 449.2</b>	<b>33 449.2</b>	<b>-25.4%</b>	<b>1.6%</b>
<b>Less: SACU payments</b> 9)	<b>-79 811.0</b>	<b>-89 874.1</b>	<b>-73 552.1</b>	<b>-18.2%</b>	<b>-78 407.7</b>	<b>-78 407.7</b>	<b>6.6%</b>	<b>-3.8%</b>
<b>Other adjustment</b> 10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL MAIN BUDGET REVENUE</b>	<b>1 724 007.1</b>	<b>1 809 789.7</b>	<b>1 978 231.5</b>	<b>9.3%</b>	<b>2 082 003.1</b>	<b>2 082 003.1</b>	<b>5.2%</b>	<b>100.0%</b>
<b>Current revenue</b>	<b>1 723 814.6</b>	<b>1 809 440.3</b>	<b>1 978 074.9</b>	<b>9.3%</b>	<b>2 081 871.3</b>	<b>2 081 871.3</b>	<b>5.2%</b>	<b>100.0%</b>
Direct taxes	1 035 493.7	1 130 158.3	1 220 222.0	8.0%	1 298 208.0	1 298 208.0	6.4%	62.4%
Indirect taxes	705 374.0	725 123.5	786 725.5	8.5%	828 753.6	828 753.6	5.3%	39.8%
State miscellaneous revenue	2.1	-11.6	-	-	-	-	-	-
Non-tax revenue (excluding sales of capital assets) 11)	62 755.7	44 044.2	44 679.6	1.4%	33 317.4	33 317.4	-25.4%	1.6%
Less: SACU payments	-79 811.0	-89 874.1	-73 552.1	-18.2%	-78 407.7	-78 407.7	6.6%	-3.8%
<b>Sales of capital assets</b>	<b>192.3</b>	<b>349.4</b>	<b>156.6</b>	<b>-55.2%</b>	<b>131.8</b>	<b>131.8</b>	<b>-15.8%</b>	<b>0.0%</b>
<b>National Revenue Fund receipts</b> 12)	<b>19 034.9</b>	<b>8 461.7</b>	<b>6 644.9</b>	<b>-21.5%</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>

1) Includes interest on overdue income tax and small business tax amnesty (in 2007/08 and 2008/09).

2) Levy on payroll dedicated to skills development.

3) The securities transfer tax replaced the uncertificated securities tax from 1 July 2008.

4) Value-added tax (VAT) replaced general sales tax in September 1991.

5) Includes plastic bag levy (from 2004/05), Universal Service Fund (from 1999/00), levies on financial services (up to 2004/05), CO<sub>2</sub> motor vehicle emissions (from 2010/11), incandescent light bulb levy (from 2009/10), turnover tax for micro businesses (from 2009/10), tyre levy, International Oil Pollution Compensation Fund (from 2016/17) and carbon tax (from 2020/21). Mining leases and ownership have been reclassified as non-tax revenue. The historical years from 2000/01 have been adjusted for comparative purposes.

Source: National Treasury

Table 2  
Main budget: estimates of national revenue  
Summary of revenue

2027/28				2028/29				R million
Budget estimates Before tax proposals	Budget estimates After tax proposals	% change on estimate 2026/27	% of total budget revenue	Budget estimates Before tax proposals	Budget estimates After tax proposals	% change on estimate 2027/28	% of total budget revenue	
1 336 568.7	1 336 568.7	5.7%	61.0%	1 414 787.9	1 414 787.9	5.9%	61.0%	<b>Taxes on income and profits</b>
895 667.1	895 667.1	6.0%	40.9%	947 472.0	947 472.0	5.8%	40.8%	Personal income tax
382 845.5	382 845.5	5.1%	17.5%	405 806.2	405 806.2	6.0%	17.5%	Corporate income tax
49 110.9	49 110.9	5.1%	2.2%	52 056.3	52 056.3	6.0%	2.2%	Secondary tax on companies/dividends tax and interest withholding tax
-	-	-	-	-	-	-	-	Tax on retirement funds
8 945.2	8 945.2	5.3%	0.4%	9 453.4	9 453.4	5.7%	0.4%	1) Other
29 405.7	29 405.7	6.3%	1.3%	31 182.9	31 182.9	6.0%	1.3%	<b>Taxes on payroll and workforce</b>
29 405.7	29 405.7	6.3%	1.3%	31 182.9	31 182.9	6.0%	1.3%	2) Skills development levy
28 824.3	28 824.3	5.2%	1.3%	30 370.5	30 370.5	5.4%	1.3%	<b>Taxes on property</b>
1 277.8	1 277.8	5.2%	0.1%	1 346.3	1 346.3	5.4%	0.1%	Donations tax
5 285.5	5 285.5	5.2%	0.2%	5 569.0	5 569.0	5.4%	0.2%	Estate duty
8 075.6	8 075.6	5.2%	0.4%	8 508.8	8 508.8	5.4%	0.4%	3) Securities transfer tax
14 185.5	14 185.5	5.2%	0.6%	14 946.4	14 946.4	5.4%	0.6%	Transfer duties
759 052.6	759 052.6	5.6%	34.6%	798 718.4	798 718.4	5.2%	34.4%	<b>Domestic taxes on goods and services</b>
551 609.6	551 609.6	5.8%	25.2%	580 520.0	580 520.0	5.2%	25.0%	4) Value-added tax
69 198.9	69 198.9	5.6%	3.2%	72 917.8	72 917.8	5.4%	3.1%	Specific excise duties
2 614.5	2 614.5	5.6%	0.1%	2 755.0	2 755.0	5.4%	0.1%	Health promotion levy
8 519.6	8 519.6	5.2%	0.4%	8 976.6	8 976.6	5.4%	0.4%	Ad valorem excise duties
110 340.3	110 340.3	5.2%	5.0%	116 258.1	116 258.1	5.4%	5.0%	Fuel levies
1 180.8	1 180.8	3.2%	0.1%	1 217.8	1 217.8	3.1%	0.1%	Air departure tax
7 626.5	7 626.5	1.8%	0.3%	7 780.3	7 780.3	2.0%	0.3%	Electricity levy
7 962.3	7 962.3	4.0%	0.4%	8 292.8	8 292.8	4.2%	0.4%	5) Other
94 777.1	94 777.1	6.5%	4.3%	101 093.2	101 093.2	6.7%	4.4%	<b>Taxes on international trade and transactions</b>
91 483.3	91 483.3	6.7%	4.2%	97 702.0	97 702.0	6.8%	4.2%	Customs duties
174.2	174.2	6.7%	0.0%	186.0	186.0	6.8%	0.0%	Health promotion levy on imports
-	-	-	-	-	-	-	-	Import surcharges
3 119.6	3 119.6	2.5%	0.1%	3 205.2	3 205.2	2.7%	0.1%	6) Other
-	-	-	-	-	-	-	-	<b>Stamp duties and fees</b>
-	-	-	-	-	-	-	-	7) State miscellaneous revenue
2 248 628.4	2 248 628.4	5.7%	102.6%	2 376 152.9	2 376 152.9	5.7%	102.4%	<b>TOTAL TAX REVENUE (gross)</b>
29 871.8	29 871.8	-10.7%	1.4%	30 681.6	30 681.6	2.7%	1.3%	8) Non-tax revenue
-87 664.9	-87 664.9	11.8%	-4.0%	-86 233.9	-86 233.9	-1.6%	-3.7%	9) Less: SACU payments
-	-	-	-	-	-	-	-	10) Other adjustment
2 190 835.4	2 190 835.4	5.2%	100.0%	2 320 600.6	2 320 600.6	5.9%	100.0%	<b>TOTAL MAIN BUDGET REVENUE</b>
2 190 691.8	2 190 691.8	5.2%	100.0%	2 320 444.9	2 320 444.9	5.9%	100.0%	<b>Current revenue</b>
1 372 537.7	1 372 537.7	5.7%	62.6%	1 452 886.1	1 452 886.1	5.9%	62.6%	Direct taxes
876 090.8	876 090.8	5.7%	40.0%	923 266.8	923 266.8	5.4%	39.8%	Indirect taxes
-	-	-	-	-	-	-	-	State miscellaneous revenue
29 728.2	29 728.2	-10.8%	1.4%	30 526.0	30 526.0	2.7%	1.3%	11) Non-tax revenue (excluding sales of capital assets)
-87 664.9	-87 664.9	11.8%	-4.0%	-86 233.9	-86 233.9	-1.6%	-3.7%	Less: SACU payments
143.6	143.6	8.9%	0.0%	155.6	155.6	8.4%	0.0%	<b>Sales of capital assets</b>
1 149.0	1 149.0	-	0.1%	1 167.0	1 167.0	1.6%	0.1%	12) National Revenue Fund receipts

6) Includes miscellaneous customs and excise receipts, ordinary levy (up to 2004/05) and export duties (duty on scrap metal from 2021/22).

7) Includes revenue received by SARS that could not be allocated to a specific revenue type.

8) Includes sales of goods and services, fines, penalties and forfeits, interest, dividends and rent on land (including mineral and petroleum royalties and mining leases and ownership), sales of capital assets as well as transactions in financial assets and liabilities.

9) Payments in terms of SACU agreements.

10) Payment to SACU partners in respect of a previous error in calculation of the 1969 agreement.

11) Excludes sales of capital assets.

12) Previously classified as extraordinary revenue, includes sales of strategic fuel stocks, proceeds from sales of state assets and certain other receipts that are, by law, paid into the National Revenue Fund.

Table 3  
Main budget: estimates of national revenue  
Detailed classification of revenue

	2022/23	2023/24	2024/25				2025/26	
	Actual collections		Before tax proposals	After tax proposals	Preliminary outcome	Actual collection	Budget estimates Before	After tax proposals
<b>R thousand</b>								
<b>Taxes on income and profits</b>	<b>988 505 255</b>	<b>1 008 555 804</b>	<b>1 066 788 726</b>	<b>1 084 988 726</b>	<b>1 100 529 906</b>	<b>1 100 529 906</b>	<b>1 166 094 476</b>	<b>1 182 794 476</b>
Personal income tax	600 366 808	648 911 082	720 549 302	738 749 302	729 910 987	729 910 987	775 752 051	792 452 051
Tax on corporate income								
Corporate income tax	344 659 913	313 097 152	302 702 408	302 702 408	318 739 344	318 739 344	338 823 586	338 823 586
Secondary tax on companies/dividends tax	38 118 709	39 172 826	36 141 731	36 141 731	42 988 072	42 988 072	42 111 424	42 111 424
Interest withholding tax	725 925	1 136 500	1 098 550	1 098 550	1 143 916	1 143 916	1 204 657	1 204 657
Other								
Interest on overdue income tax	4 633 907	6 238 243	6 296 736	6 296 736	7 747 587	7 747 587	8 202 758	8 202 758
Small business tax amnesty	-8	-	-	-	-	-	-	-
<b>Taxes on payroll and workforce</b>	<b>20 892 489</b>	<b>22 604 347</b>	<b>24 500 270</b>	<b>24 500 270</b>	<b>24 447 989</b>	<b>24 447 989</b>	<b>26 006 000</b>	<b>26 006 000</b>
Skills development levy	20 892 489	22 604 347	24 500 270	24 500 270	24 447 989	24 447 989	26 006 000	26 006 000
<b>Taxes on property</b>	<b>21 237 713</b>	<b>19 399 918</b>	<b>20 600 318</b>	<b>20 600 318</b>	<b>22 505 089</b>	<b>22 505 089</b>	<b>23 918 793</b>	<b>23 918 793</b>
Estate, inheritance and gift taxes								
Donations tax	682 787	801 997	847 663	847 663	1 144 498	1 144 498	1 216 392	1 216 392
Estate duty	3 702 226	3 532 500	3 734 602	3 734 602	4 035 861	4 035 861	4 289 382	4 289 382
Taxes on financial and capital transactions								
Securities transfer tax	5 400 599	5 484 988	5 709 190	5 709 190	5 958 032	5 958 032	6 332 299	6 332 299
Transfer duties	11 452 101	9 581 332	10 308 862	10 308 862	11 366 699	11 366 699	12 080 722	12 080 722
<b>Domestic taxes on goods and services</b>	<b>579 990 060</b>	<b>616 458 866</b>	<b>657 490 208</b>	<b>654 290 208</b>	<b>627 973 091</b>	<b>627 973 091</b>	<b>667 406 346</b>	<b>668 706 346</b>
Value-added tax								
Domestic VAT	486 437 225	525 446 325	559 123 076	559 123 076	561 407 294	561 407 294	591 078 769	591 078 769
Import VAT	254 984 018	265 043 201	286 760 809	286 760 809	261 878 361	261 878 361	276 487 591	276 487 591
Refunds	-319 004 844	-342 932 796	-369 134 947	-369 134 947	-365 496 864	-365 496 864	-385 320 210	-385 320 210
Specific excise duties								
Beer	21 370 188	21 873 495	22 955 300	23 360 567	24 950 479	24 950 479	25 093 669	25 749 388
Sorghum beer and sorghum flour	4 486	6 635	8 595	8 595	7 745	7 745	9 474	9 474
Wine and other fermented beverages	6 921 528	7 376 606	7 351 004	7 495 770	7 640 938	7 640 938	8 044 466	8 262 278
Spirits	13 174 704	12 448 198	13 388 980	13 638 947	14 450 484	14 450 484	15 033 647	15 033 647
Cigarettes and cigarette tobacco	10 188 505	8 280 337	9 755 360	9 755 360	9 003 461	9 003 461	10 744 012	10 752 931
Pipe tobacco and cigars	402 908	382 379	447 424	447 424	423 577	423 577	483 050	493 177
Petroleum products	704 937	1 017 328	1 223 723	1 223 723	679 811	679 811	1 348 859	1 348 859
Revenue from neighbouring countries	2 387 443	2 136 978	2 254 075	2 254 075	2 523 622	2 523 622	2 484 574	2 484 574
Health promotion levy	2 194 700	2 244 721	2 397 800	2 397 800	2 282 234	2 282 234	2 402 855	2 402 855
Ad valorem excise duties	5 520 495	7 347 555	6 846 748	6 846 748	6 969 758	6 969 758	7 407 578	7 407 578
Fuel levy	80 472 844	91 508 106	99 770 723	95 770 723	85 882 627	85 882 627	96 591 609	96 591 609
Taxes on use of goods or permission to use goods or to perform activities								
Air departure tax	788 582	945 694	927 356	927 356	1 021 318	1 021 318	1 062 976	1 062 976
Plastic bag levy	679 818	676 281	686 258	686 258	698 712	698 712	727 212	727 212
Electricity levy	7 374 436	7 139 414	7 077 742	7 077 742	7 536 175	7 536 175	7 646 507	7 646 507
Incandescent light bulb levy	24 182	19 098	20 211	20 211	9 835	9 835	9 978	9 978
CO <sub>2</sub> tax - motor vehicle emissions	2 929 579	2 554 284	2 551 505	2 551 505	3 045 105	3 045 105	3 089 686	3 089 686
Tyre levy	745 273	763 575	790 416	790 416	773 706	773 706	805 264	805 264
International Oil Pollution Compensation Fund		4 921	2 535	2 535	7 557	7 557	7 667	7 667
Carbon tax	1 590 394	2 072 191	2 177 886	2 177 886	2 024 313	2 024 313	2 317 569	2 317 569
Turnover tax for micro businesses	12 139	10 822	8 692	8 692	10 976	10 976	11 559	11 559
Other								
Universal Service Fund	86 521	93 516	98 936	98 936	241 868	241 868	245 409	245 409
<b>Taxes on international trade and transactions</b>	<b>76 067 768</b>	<b>73 848 946</b>	<b>78 655 310</b>	<b>78 655 310</b>	<b>79 825 693</b>	<b>79 825 693</b>	<b>84 177 053</b>	<b>84 177 053</b>
Import duties								
Customs duties	73 945 639	70 548 645	76 817 570	76 817 570	76 698 118	76 698 118	80 976 824	80 976 824
Health promotion levy on imports	110 194	114 764	113 574	113 574	140 431	140 431	148 265	148 265
Other								
Miscellaneous customs and excise receipts	1 016 939	2 637 344	1 139 558	1 139 558	2 454 589	2 454 589	2 490 525	2 490 525
Diamond export levy	151 301	137 086	162 752	162 752	65 312	65 312	68 854	68 854
Export tax	843 695	411 107	421 857	421 857	467 243	467 243	492 585	492 585
<b>Other taxes</b>								
Stamp duties and fees	-	-	-	-	-	-	-	-
<b>State miscellaneous revenue</b>	<b>4 093</b>	<b>2 119</b>	<b>-</b>	<b>-</b>	<b>-11 636</b>	<b>-11 636</b>	<b>-</b>	<b>-</b>
<b>TOTAL TAX REVENUE (gross)</b>	<b>1 686 697 378</b>	<b>1 740 870 000</b>	<b>1 848 034 832</b>	<b>1 863 034 832</b>	<b>1 855 270 132</b>	<b>1 855 270 132</b>	<b>1 967 602 668</b>	<b>1 985 602 668</b>
<b>Less: SACU payments</b>	<b>-43 683 418</b>	<b>-79 810 981</b>	<b>-89 870 895</b>	<b>-89 870 895</b>	<b>-89 874 115</b>	<b>-89 874 115</b>	<b>-73 552 115</b>	<b>-73 552 115</b>
Payments in terms of SACU agreements	-43 683 418	-79 810 981	-89 870 895	-89 870 895	-89 874 115	-89 874 115	-73 552 115	-73 552 115
<b>TOTAL TAX REVENUE (net of SACU payments)</b>	<b>1 643 013 960</b>	<b>1 661 059 019</b>	<b>1 758 163 937</b>	<b>1 773 163 937</b>	<b>1 765 396 017</b>	<b>1 765 396 017</b>	<b>1 894 050 554</b>	<b>1 912 050 554</b>

1) The securities transfer tax replaced the uncertificated securities tax from 1 July 2008.

2) Specific excise duties on petrol, distillate fuel, residual fuel and base oil.

Source: National Treasury

Table 3  
Main budget: estimates of national revenue  
Detailed classification of revenue

Revised estimate	% change on 2024/25 actual	2026/27		2027/28		2028/29		R thousand
		Before tax proposals	After tax proposals	Before tax proposals	After tax proposals	Before tax proposals	After tax proposals	
<b>1 188 334 100</b>	<b>8.0%</b>	<b>1 264 312 809</b>	<b>1 264 312 809</b>	<b>1 336 568 704</b>	<b>1 336 568 704</b>	<b>1 414 787 926</b>	<b>1 414 787 926</b>	<b>Taxes on income and profits</b>
786 213 577	7.7%	844 820 363	844 820 363	895 667 083	895 667 083	947 472 013	947 472 013	Personal income tax
								Tax on corporate income
346 576 219	8.7%	364 261 555	364 261 555	382 845 535	382 845 535	405 806 241	405 806 241	Corporate income tax
46 312 941	7.7%	45 587 645	45 587 645	47 901 611	47 901 611	50 774 453	50 774 453	Secondary tax on companies/dividends tax
1 118 723	-2.2%	1 150 904	1 150 904	1 209 322	1 209 322	1 281 850	1 281 850	Interest withholding tax
								Other
8 112 640	4.7%	8 492 342	8 492 342	8 945 153	8 945 153	9 453 369	9 453 369	Interest on overdue income tax
-	-	-	-	-	-	-	-	Small business tax amnesty
<b>25 978 559</b>	<b>6.3%</b>	<b>27 657 285</b>	<b>27 657 285</b>	<b>29 405 705</b>	<b>29 405 705</b>	<b>31 182 907</b>	<b>31 182 907</b>	<b>Taxes on payroll and workforce</b>
25 978 559	6.3%	27 657 285	27 657 285	29 405 705	29 405 705	31 182 907	31 182 907	Skills development levy
<b>25 952 348</b>	<b>15.3%</b>	<b>27 395 529</b>	<b>27 395 529</b>	<b>28 824 331</b>	<b>28 824 331</b>	<b>30 370 483</b>	<b>30 370 483</b>	<b>Taxes on property</b>
								Estate, inheritance and gift taxes
1 150 481	0.5%	1 214 458	1 214 458	1 277 798	1 277 798	1 346 340	1 346 340	Donations tax
4 758 826	17.9%	5 023 459	5 023 459	5 285 455	5 285 455	5 568 970	5 568 970	Estate duty
								Taxes on financial and capital transactions
7 270 981	22.0%	7 675 312	7 675 312	8 075 614	8 075 614	8 508 795	8 508 795	1) Securities transfer tax
12 772 060	12.4%	13 482 300	13 482 300	14 185 463	14 185 463	14 946 379	14 946 379	Transfer duties
<b>683 033 055</b>	<b>8.8%</b>	<b>718 632 877</b>	<b>718 632 877</b>	<b>759 052 598</b>	<b>759 052 598</b>	<b>798 718 392</b>	<b>798 718 392</b>	<b>Domestic taxes on goods and services</b>
								Value-added tax
600 555 271	7.0%	631 175 916	631 175 916	666 435 284	666 435 284	702 251 130	702 251 130	Domestic VAT
268 514 274	2.5%	285 976 465	285 976 465	305 075 900	305 075 900	325 813 825	325 813 825	Import VAT
(371 475 961)	1.6%	(395 789 093)	(395 789 093)	(419 901 554)	(419 901 554)	(447 544 960)	(447 544 960)	Refunds
								Specific excise duties
26 070 129	4.5%	27 399 373	27 399 373	28 929 983	28 929 983	30 484 751	30 484 751	Beer
8 092	4.5%	8 505	8 505	8 980	8 980	9 463	9 463	Sorghum beer and sorghum flour
7 983 824	4.5%	8 390 898	8 390 898	8 859 638	8 859 638	9 335 776	9 335 776	Wine and other fermented beverages
15 098 947	4.5%	15 868 801	15 868 801	16 755 279	16 755 279	17 655 748	17 655 748	Spirits
9 407 490	4.5%	9 887 152	9 887 152	10 439 478	10 439 478	11 000 521	11 000 521	Cigarettes and cigarette tobacco
442 585	4.5%	465 151	465 151	491 136	491 136	517 531	517 531	Pipe tobacco and cigars
710 317	4.5%	746 534	746 534	788 238	788 238	830 600	830 600	Petroleum products
2 636 869	4.5%	2 771 315	2 771 315	2 926 129	2 926 129	3 083 387	3 083 387	2) Revenue from neighbouring countries
2 356 027	3.2%	2 476 154	2 476 154	2 614 479	2 614 479	2 754 988	2 754 988	3) Health promotion levy
7 670 772	10.1%	8 097 335	8 097 335	8 519 648	8 519 648	8 976 647	8 976 647	Ad valorem excise duties
97 295 485	13.3%	104 871 805	104 871 805	110 340 347	110 340 347	116 258 062	116 258 062	Fuel levy
								Taxes on use of goods or permission to use goods or to perform activities
1 106 213	8.3%	1 143 701	1 143 701	1 180 778	1 180 778	1 217 823	1 217 823	Air departure tax
684 285	-2.1%	707 475	707 475	730 410	730 410	753 326	753 326	Plastic bag levy
7 376 796	-2.1%	7 489 172	7 489 172	7 626 519	7 626 519	7 780 304	7 780 304	Electricity levy
7 726	-21.4%	7 843	7 843	7 987	7 987	8 148	8 148	Incandescent light bulb levy
3 566 804	17.1%	3 621 140	3 621 140	3 687 549	3 687 549	3 761 907	3 761 907	CO <sub>2</sub> tax - motor vehicle emissions
766 142	-1.0%	792 106	792 106	817 784	817 784	843 441	843 441	Tyre levy
7 827	3.6%	7 946	7 946	8 092	8 092	8 255	8 255	International Oil Pollution Compensation Fund
1 964 055	-3.0%	2 233 676	2 233 676	2 421 391	2 421 391	2 622 228	2 622 228	Carbon tax
12 512	14.0%	12 872	12 872	13 525	13 525	14 337	14 337	Turnover tax for micro businesses
								Other
266 573	10.2%	270 634	270 634	275 597	275 597	281 154	281 154	Universal Service Fund
<b>83 649 357</b>	<b>4.8%</b>	<b>88 963 102</b>	<b>88 963 102</b>	<b>94 777 096</b>	<b>94 777 096</b>	<b>101 093 187</b>	<b>101 093 187</b>	<b>Taxes on international trade and transactions</b>
								Import duties
80 519 567	5.0%	85 755 966	85 755 966	91 483 327	91 483 327	97 702 024	97 702 024	Customs duties
153 284	9.2%	163 253	163 253	174 156	174 156	185 994	185 994	Health promotion levy on imports
								Other
2 537 730	3.4%	2 576 390	2 576 390	2 623 639	2 623 639	2 676 544	2 676 544	Miscellaneous customs and excise receipts
65 443	0.2%	69 726	69 726	73 974	73 974	78 844	78 844	Diamond export levy
373 332	-20.1%	397 767	397 767	422 000	422 000	449 781	449 781	Export tax
								Other taxes
-	-	-	-	-	-	-	-	Stamp duties and fees
-	-100.0%	-	-	-	-	-	-	4) State miscellaneous revenue
<b>2 006 947 419</b>	<b>8.2%</b>	<b>2 126 961 603</b>	<b>2 126 961 603</b>	<b>2 248 628 434</b>	<b>2 248 628 434</b>	<b>2 376 152 895</b>	<b>2 376 152 895</b>	<b>TOTAL TAX REVENUE (gross)</b>
(73 552 115)	-18.2%	(78 407 695)	(78 407 695)	(87 664 867)	(87 664 867)	(86 233 936)	(86 233 936)	5) Less: SACU payments
(73 552 115)	-18.2%	(78 407 695)	(78 407 695)	(87 664 867)	(87 664 867)	(86 233 936)	(86 233 936)	Payments in terms of SACU agreements
<b>1 933 395 304</b>	<b>9.5%</b>	<b>2 048 553 908</b>	<b>2 048 553 908</b>	<b>2 160 963 566</b>	<b>2 160 963 566</b>	<b>2 289 918 960</b>	<b>2 289 918 960</b>	<b>TOTAL TAX REVENUE (net of SACU payments)</b>

3) Excise duties that are collected by Botswana, Lesotho, Namibia and eSwatini.

4) Revenue received by SARS in respect of taxation that could not be allocated to specific revenue types.

Table 3  
Main budget: estimates of national revenue  
Detailed classification of revenue

	2022/23	2023/24	2024/25				2025/26	
	Actual collections		Before tax proposals	After tax proposals	Preliminary outcome	Actual collection	Budget estimates Before tax proposals	After
<b>R thousand</b>								
<b>TOTAL TAX REVENUE (net of SACU payments)</b>	<b>1 643 013 960</b>	<b>1 661 059 019</b>	<b>1 758 163 937</b>	<b>1 773 163 937</b>	<b>1 765 396 017</b>	<b>1 765 396 017</b>	<b>1 894 050 554</b>	<b>1 912 050 554</b>
<b>Sales of goods and services other than capital assets</b>	<b>4 005 217</b>	<b>3 088 095</b>	<b>2 710 536</b>	<b>2 710 536</b>	<b>3 703 753</b>	<b>3 926 655</b>	<b>3 310 166</b>	<b>3 310 166</b>
Sales of goods and services produced by departments								
Sales by market establishments 6)	80 632	165 649	98 593	98 593	159 868	155 276	158 813	158 813
Administrative fees	1 376 126	1 578 849	1 446 409	1 446 409	1 529 022	1 751 220	2 024 878	2 024 878
Other sales	2 533 845	1 334 952	1 156 898	1 156 898	2 001 713	2 006 038	1 117 748	1 117 748
Sales of scrap, waste, arms and other used current goods	14 414	8 645	8 636	8 636	13 150	14 121	8 726	8 726
<b>Transfers received</b>	<b>639 965</b>	<b>592 022</b>	<b>692 271</b>	<b>692 271</b>	<b>1 276 589</b>	<b>1 414 463</b>	<b>706 125</b>	<b>706 125</b>
<b>Fines, penalties and forfeits</b>	<b>543 528</b>	<b>614 282</b>	<b>565 224</b>	<b>565 224</b>	<b>392 129</b>	<b>384 530</b>	<b>471 227</b>	<b>471 227</b>
<b>Interest, dividends and rent on land</b>	<b>33 804 337</b>	<b>28 800 723</b>	<b>23 489 061</b>	<b>23 489 061</b>	<b>21 878 874</b>	<b>21 890 384</b>	<b>18 629 585</b>	<b>18 629 585</b>
Interest								
Cash and cash equivalents	7 888 626	12 557 186	7 204 714	7 204 714	10 196 307	10 189 525	7 196 432	7 196 432
Dividends								
Airports Company South Africa	–	–	–	–	–	–	–	–
South African Special Risks Insurance Association	198 048	141 000	198 048	198 048	–	193 296	154 000	154 000
Vodacom	–	–	–	–	–	–	–	–
Industrial Development Corporation	–	–	–	–	–	–	–	–
Reserve Bank (National Treasury)	362 843	99 048	–	–	–	856 774	–	–
Telkom	–	–	–	–	–	–	–	–
Other	–	–	51 621	51 621	1 046 554	14 847	51 763	51 763
Rent on land								
Mineral and petroleum royalties 7)	25 337 793	15 979 465	15 999 941	15 999 941	10 636 083	10 636 083	11 200 855	11 200 855
Mining leases and ownership 8)	-157	–	–	–	-26 959	-26 959	–	–
Royalties, prospecting fees and surface rental 9)	16 796	24 024	30 589	30 589	20 011	26 818	22 171	22 171
Land rent	388	–	4 148	4 148	6 877	–	4 363	4 363
<b>Sales of capital assets</b>	<b>186 769</b>	<b>192 334</b>	<b>146 093</b>	<b>146 093</b>	<b>337 560</b>	<b>349 405</b>	<b>144 018</b>	<b>144 018</b>
<b>Financial transactions in assets and liabilities</b> 10)	<b>17 020 888</b>	<b>29 660 622</b>	<b>14 253 204</b>	<b>14 253 204</b>	<b>15 499 821</b>	<b>16 428 214</b>	<b>14 097 012</b>	<b>14 097 012</b>
<b>TOTAL NON-TAX REVENUE</b> 11)	<b>56 200 704</b>	<b>62 948 078</b>	<b>41 856 389</b>	<b>41 856 389</b>	<b>43 088 724</b>	<b>44 393 651</b>	<b>37 358 131</b>	<b>37 358 131</b>
<b>TOTAL MAIN BUDGET REVENUE</b>	<b>1 699 214 664</b>	<b>1 724 007 098</b>	<b>1 800 020 326</b>	<b>1 815 020 326</b>	<b>1 808 484 741</b>	<b>1 809 789 668</b>	<b>1 931 408 685</b>	<b>1 949 408 685</b>
<b>National Revenue Fund receipts</b>	<b>5 221 250</b>	<b>19 034 942</b>	<b>9 137 138</b>	<b>9 137 138</b>	<b>8 461 732</b>	<b>8 461 732</b>	<b>1 478 000</b>	<b>1 478 000</b>
Revaluation profits on foreign currency transactions	4 775 102	18 714 044	6 253 000	6 253 000	7 020 639	7 020 639	1 478 000	1 478 000
Premiums on loan transactions	442 779	307 579	–	–	1 194 228	1 194 229	–	–
Premiums on debt portfolio restructuring (switches)	–	5 112	–	–	238 737	238 737	–	–
Liquidation of South African Special Risks Insurance Association investment	–	–	–	–	–	–	–	–
Other	3 369	8 207	2 884 138	2 884 138	8 127	8 127	–	–

5) Payments in terms of SACU agreements (section 51(2) of the Customs and Excise Act of 1964).

6) New item introduced in the standard chart of accounts from 2009/09.

7) Mineral royalties imposed on the transfer of mineral resources in terms of the Mineral and Petroleum Resources Royalty Act (2008), which came into operation on 1 May 2009.

Source: National Treasury

Table 3  
Main budget: estimates of national revenue  
Detailed classification of revenue

		2026/27		2027/28		2028/29		R thousand
		Before tax proposals	After tax proposals	Before tax proposals	After tax proposals	Before tax proposals	After tax proposals	
1 933 395 304	9.5%	2 048 553 908	2 048 553 908	2 160 963 566	2 160 963 566	2 289 918 960	2 289 918 960	TOTAL TAX REVENUE (net of SACU payments)
4 406 556	12.2%	3 827 216	3 827 216	3 973 345	3 973 345	4 120 588	4 120 588	Sales of goods and services other than capital assets
153 911	-0.9%	166 871	166 871	169 356	169 356	176 370	176 370	6) Sales of goods and services produced by departments
2 796 348	59.7%	2 438 690	2 438 690	2 552 942	2 552 942	2 671 373	2 671 373	Sales by market establishments
1 446 462	-27.9%	1 212 429	1 212 429	1 241 656	1 241 656	1 263 229	1 263 229	Administrative fees
9 835	-30.4%	9 226	9 226	9 391	9 391	9 616	9 616	Other sales
724 241	-48.8%	720 320	720 320	734 767	734 767	749 526	749 526	Sales of scrap, waste, arms and other used current goods
495 688	28.9%	438 230	438 230	457 872	457 872	471 325	471 325	Transfers received
24 279 789	10.9%	16 402 533	16 402 533	16 701 636	16 701 636	17 658 340	17 658 340	Fines, penalties and forfeits
11 280 576	10.7%	4 024 186	4 024 186	3 696 995	3 696 995	3 881 345	3 881 345	Interest, dividends and rent on land
-	-	-	-	-	-	-	-	Interest
154 000	-20.3%	160 000	160 000	169 000	169 000	175 000	175 000	Cash and cash equivalents
-	-	-	-	-	-	-	-	Dividends
479 169	-44.1%	52 070	52 070	52 078	52 078	52 180	52 180	Airports Company South Africa
540 098	3 537.8%	-	-	-	-	-	-	South African Special Risks Insurance Association
11 805 475	11.0%	12 145 070	12 145 070	12 761 537	12 761 537	13 526 895	13 526 895	Vodacom
20 233	-24.6%	20 961	20 961	21 771	21 771	22 655	22 655	Industrial Development Corporation
239	-	246	246	255	255	264	264	Reserve Bank (National Treasury)
156 637	-55.2%	131 840	131 840	143 554	143 554	155 633	155 633	Telkom
14 773 306	-10.1%	11 929 053	11 929 053	7 860 629	7 860 629	7 526 197	7 526 197	Other
44 836 217	1.0%	33 449 192	33 449 192	29 871 803	29 871 803	30 681 609	30 681 609	Rent on land
1 978 231 521	9.3%	2 082 003 100	2 082 003 100	2 190 835 370	2 190 835 370	2 320 600 568	2 320 600 568	7) Mineral and petroleum royalties
6 644 852	-	-	-	1 149 000	1 149 000	1 167 000	1 167 000	8) Mining leases and ownership
181 525	-	-	-	1 149 000	1 149 000	1 167 000	1 167 000	9) Royalties, prospecting fees and surface rental
4 048 701	-	-	-	-	-	-	-	Land rent
2 405 705	-	-	-	-	-	-	-	Sales of capital assets
-	-	-	-	-	-	-	-	10) Financial transactions in assets and liabilities
8 921	-	-	-	-	-	-	-	11) TOTAL NON-TAX REVENUE
								TOTAL MAIN BUDGET REVENUE
6 644 852	-	-	-	1 149 000	1 149 000	1 167 000	1 167 000	National Revenue Fund receipts
181 525	-	-	-	1 149 000	1 149 000	1 167 000	1 167 000	Revaluation profits on foreign currency transactions
4 048 701	-	-	-	-	-	-	-	Premiums on loan transactions
2 405 705	-	-	-	-	-	-	-	Premiums on debt portfolio restructuring (switches)
-	-	-	-	-	-	-	-	Liquidation of South African Special Risks Insurance Association investment
8 921	-	-	-	-	-	-	-	Other

8) Mining leases and ownership have been reclassified as non-tax revenue.

9) Royalties, prospecting fees and surface rental collected by the Department of Mineral Resources and Energy.

10) Includes recoveries of loans and advances and conduit receipts related to the Independent Communications Authority of South Africa for licence fees and South African National Roads Agency for debt repayment by Gauteng provincial government for the Gauteng Freeway Improvement Project.

11) Includes National Revenue Fund receipts previously accounted for separately.

**Table 4**  
Main budget: expenditure defrayed from the National Revenue Fund by vote

R million	2022/23			2023/24	
	Expenditure on budget vote outcome	of which transfers		Expenditure on budget vote outcome	of which transfers to provinces 1)
		to provinces 1)	to local government 2)		
1 The Presidency	542.7	-	-	662.0	-
2 Parliament	2 367.3	-	-	3 208.8	-
3 Cooperative Governance	110 709.1	-	105 700.5	116 800.1	-
of which: local government equitable share	-	-	83 937.8	-	-
4 Government Communication and Information System	723.9	-	-	738.4	-
5 Home Affairs	10 398.0	-	-	12 379.3	-
6 International Relations and Cooperation	6 707.6	-	-	7 268.3	-
7 National School of Government	220.1	-	-	218.2	-
8 National Treasury	30 761.4	-	2 379.6	27 457.0	-
9 Planning, Monitoring and Evaluation	474.2	-	-	475.7	-
10 Electricity and Energy	29 772.1	-	2 342.9	7 486.7	-
11 Public Service and Administration	515.7	-	-	507.6	-
12 Public Service Commission	278.9	-	-	299.3	-
13 Public Works and Infrastructure	7 910.2	857.9	778.4	8 304.0	799.5
14 Statistics South Africa	3 797.6	-	-	2 723.9	-
15 Traditional Affairs	174.5	-	-	186.8	-
16 Basic Education	29 426.7	23 124.4	-	29 961.2	23 598.5
17 Higher Education	109 274.7	-	-	107 713.2	-
18 Health	62 896.0	56 251.5	-	58 312.1	52 743.4
19 Social Development	241 721.9	-	-	259 300.3	-
20 Women, Youth and Persons with Disabilities	983.3	-	-	991.6	-
21 Civilian Secretariat for the Police Service	152.6	-	-	150.2	-
22 Correctional Services	26 429.2	-	-	27 185.2	-
23 Defence	58 006.9	-	-	55 861.9	-
24 Independent Police Investigative Directorate	359.0	-	-	364.1	-
25 Justice and Constitutional Development	20 356.5	-	-	20 845.7	-
26 Military Veterans	615.6	-	-	585.9	-
27 Office of the Chief Justice	1 294.9	-	-	1 339.4	-
28 Police	102 499.9	-	-	105 475.6	-
29 Agriculture	8 038.9	2 294.4	-	7 028.3	2 166.0
30 Communications and Digital Technologies	5 221.3	-	-	3 279.7	-
31 Employment and Labour	3 897.1	-	-	3 996.0	-
32 Forestry, Fisheries and the Environment	8 849.3	-	-	9 495.2	-
33 Human Settlements	32 857.5	18 802.9	11 677.8	31 226.9	17 080.7
34 Mineral and Petroleum Resources	2 304.3	-	-	2 512.2	-
35 Science, Technology and Innovation	9 120.9	-	-	10 472.1	-
36 Small Business Development	2 793.4	-	-	2 723.6	-
37 Sport, Arts and Culture	6 236.7	2 176.1	-	6 065.4	2 063.8
38 Tourism	2 473.7	-	-	2 372.3	-
39 Trade, Industry and Competition	10 539.8	-	-	10 440.6	-
40 Transport	103 009.6	19 755.9	6 127.9	78 014.8	22 720.0
41 Water and Sanitation	17 693.4	-	6 356.7	21 331.6	-
42 Land Reform and Rural Development	9 066.9	-	-	9 686.1	-
<b>Total appropriation by vote</b>	<b>1 081 473.2</b>	<b>123 263.2</b>	<b>135 363.8</b>	<b>1 055 447.2</b>	<b>121 171.8</b>
Plus:					
<b>Direct charges against the National Revenue Fund</b>					
President and deputy president salaries (The Presidency)	5.9	-	-	12.4	-
Members' remuneration (Parliament)	538.2	-	-	542.9	-
Debt-service costs (National Treasury)	308 459.1	-	-	356 109.9	-
Provincial equitable share (National Treasury)	570 868.2	570 868.2	-	585 085.9	585 085.9
General fuel levy sharing with metropolitan municipalities (National Treasury)	15 334.8	-	15 334.8	15 433.5	-
National Revenue Fund payments (National Treasury)	263.3	-	-	1 093.1	-
Auditor-General of South Africa (National Treasury)	148.6	-	-	123.1	-
Guarantees, indemnities and securities: Land and Agricultural Development Bank of South Africa (National Treasury)	889.1	-	-	499.9	-
Public-sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations (National Treasury)	6 709.2	-	-	6 597.2	-
Guarantees, indemnities and securities: Payment to the South African Reserve Bank (National Treasury)	-	-	-	-	-
Guarantees, indemnities and securities: Denel (Defence)	204.7	-	-	-	-
Skills levy and sector education and training authorities (Higher Education)	20 808.9	-	-	22 424.5	-
Magistrates' salaries (Justice and Constitutional Development)	2 297.4	-	-	2 318.9	-
Judges' salaries (Office of the Chief Justice)	1 154.6	-	-	1 218.8	-
International Oil Pollution Compensation Funds (Transport)	1.5	-	-	7.6	-
<b>Total direct charges against the National Revenue Fund</b>	<b>927 683.6</b>	<b>570 868.2</b>	<b>15 334.8</b>	<b>991 467.5</b>	<b>585 085.9</b>
Provisional allocations not appropriated	-	-	-	-	-
<b>Total</b>	<b>2 009 156.8</b>	<b>694 131.4</b>	<b>150 698.6</b>	<b>2 046 914.7</b>	<b>706 257.8</b>
Contingency reserve	-	-	-	-	-
National government projected underspending	-	-	-	-	-
Local government repayment to the National Revenue Fund	-	-	-	-	-
<b>Main budget expenditure</b>	<b>2 009 156.8</b>	<b>694 131.4</b>	<b>150 698.6</b>	<b>2 046 914.7</b>	<b>706 257.8</b>

1) Includes provincial equitable share and conditional grants allocated to provinces.

2) Includes local government equitable share and conditional grants allocated to local government, as well as general fuel levy sharing with metropolitan municipalities.

3) Budget estimate adjusted for function shifts.

Source: National Treasury

**Table 4**  
**Main budget: expenditure defrayed from the**  
**National Revenue Fund by vote**

2023/24	2024/25			2025/26		
<i>of which transfers to local government 2)</i>	Expenditure on budget vote outcome	<i>of which transfers to provinces 1)</i>	<i>transfers to local government 2)</i>	Budget estimate 3)	Adjusted appropriation 4)	R million
–	643.1	–	–	739.1	754.8	1 The Presidency
–	2 771.0	–	–	3 067.8	5 545.9	2 Parliament
111 983.6	124 324.6	149.3	119 506.9	131 129.2	132 624.1	3 Cooperative Governance
92 261.9	–	–	99 503.7	–	–	<i>of which: local government equitable share</i>
–	744.0	–	–	820.3	829.3	4 Government Communication and Information System
–	11 831.9	–	–	11 060.0	15 156.1	5 Home Affairs
–	7 011.1	–	–	7 090.2	7 309.1	6 International Relations and Cooperation
–	216.0	–	–	228.7	228.7	7 National School of Government
2 384.6	25 304.7	–	2 424.0	29 972.9	34 840.3	8 National Treasury
–	459.2	–	–	509.1	514.1	9 Planning, Monitoring and Evaluation
2 256.1	5 981.1	–	1 982.1	6 669.3	6 675.5	10 Electricity and Energy
–	509.8	–	–	564.7	565.6	11 Public Service and Administration
–	288.5	–	–	302.0	317.8	12 Public Service Commission
749.0	7 570.4	617.3	560.1	7 623.0	7 647.7	13 Public Works and Infrastructure
–	2 617.6	–	–	2 771.3	2 855.3	14 Statistics South Africa
–	181.3	–	–	195.5	195.5	15 Traditional Affairs
–	32 544.5	26 362.2	–	35 489.2	38 258.3	16 Basic Education
–	112 633.8	–	–	116 441.7	116 441.7	17 Higher Education
–	61 881.8	56 357.9	–	64 807.2	65 925.1	18 Health
–	275 628.0	–	–	294 055.6	295 225.1	19 Social Development
–	1 011.0	–	–	1 361.7	1 361.7	20 Women, Youth and Persons with Disabilities
–	155.4	–	–	172.2	172.6	21 Civilian Secretariat for the Police Service
–	28 436.1	–	–	29 222.0	29 223.2	22 Correctional Services
–	57 994.1	–	–	57 183.7	59 072.2	23 Defence
–	370.4	–	–	428.6	428.6	24 Independent Police Investigative Directorate
–	21 618.3	–	–	22 737.5	22 945.2	25 Justice and Constitutional Development
–	757.8	–	–	878.5	878.5	26 Military Veterans
–	1 512.6	–	–	1 515.1	1 620.1	27 Office of the Chief Justice
–	113 623.5	–	–	120 889.9	120 889.9	28 Police
–	7 881.9	2 556.6	–	7 609.7	7 946.4	29 Agriculture
–	2 915.2	–	–	2 545.6	4 439.4	30 Communications and Digital Technologies
–	3 802.4	–	–	4 153.1	4 285.2	31 Employment and Labour
–	8 639.6	–	–	9 080.7	9 144.0	32 Forestry, Fisheries and the Environment
11 655.4	32 849.6	16 906.4	13 220.3	34 042.8	34 915.3	33 Human Settlements
–	2 942.8	–	–	2 859.6	2 860.6	34 Mineral and Petroleum Resources
–	9 072.7	–	–	9 063.7	9 397.7	35 Science, Technology and Innovation
–	2 668.9	–	–	2 918.1	2 918.1	36 Small Business Development
–	6 072.7	2 230.4	–	6 309.9	6 309.9	37 Sport, Arts and Culture
–	2 252.1	–	–	2 434.9	2 434.9	38 Tourism
–	9 287.0	–	–	11 071.7	11 128.6	39 Trade, Industry and Competition
6 309.5	84 957.0	24 978.9	6 200.2	95 692.1	106 942.8	40 Transport
6 878.5	23 815.8	–	7 665.1	26 678.7	23 382.7	41 Water and Sanitation
–	8 163.2	–	–	9 820.6	10 468.1	42 Land Reform and Rural Development
<b>142 216.7</b>	<b>1 103 942.6</b>	<b>130 159.0</b>	<b>151 558.7</b>	<b>1 172 207.4</b>	<b>1 205 075.8</b>	<b>Total appropriation by vote</b>
–	6.9	–	–	8.1	6.8	Plus:
–	692.4	–	–	519.1	553.1	<b>Direct charges against the National Revenue Fund</b>
–	385 843.7	–	–	426 345.6	420 609.6	President and deputy president salaries (The Presidency)
–	600 475.6	600 475.6	–	633 166.0	649 339.1	Members' remuneration (Parliament)
15 433.5	16 126.6	–	16 126.6	16 849.1	16 849.1	Debt-service costs (National Treasury)
–	2 147.4	–	–	–	6 252.8	5) Provincial equitable share (National Treasury)
–	128.6	–	–	134.3	134.3	General fuel levy sharing with metropolitan municipalities (National Treasury)
–	–	–	–	–	–	National Revenue Fund payments (National Treasury)
–	7 299.8	–	–	7 900.7	8 049.1	Auditor-General of South Africa (National Treasury)
–	–	–	–	–	–	Guarantees, indemnities and securities: Land and Agricultural Development Bank of South Africa (National Treasury)
–	–	–	–	–	–	Public-sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations (National Treasury)
–	–	–	–	–	118.6	Guarantees, indemnities and securities: Payment to the South African Reserve Bank (National Treasury)
–	–	–	–	–	–	Guarantees, indemnities and securities: Denel (Defence)
–	24 137.4	–	–	26 006.0	25 978.6	Skills levy and sector education and training authorities (Higher Education)
–	2 512.8	–	–	2 630.3	2 630.3	Magistrates' salaries (Justice and Constitutional Development)
–	1 323.9	–	–	1 237.8	1 332.8	Judges' salaries (Office of the Chief Justice)
–	7.8	–	–	13.7	13.7	International Oil Pollution Compensation Funds (Transport)
<b>15 433.5</b>	<b>1 040 702.7</b>	<b>600 475.6</b>	<b>16 126.6</b>	<b>1 114 810.6</b>	<b>1 131 867.9</b>	<b>Total direct charges against the National Revenue Fund</b>
–	–	–	–	18 711.7	–	Provisional allocations not appropriated
<b>157 650.2</b>	<b>2 144 645.3</b>	<b>730 634.6</b>	<b>167 685.4</b>	<b>2 305 729.7</b>	<b>2 336 943.7</b>	<b>Total</b>
–	–	–	–	5 000.0	–	Contingency reserve
–	–	–	–	–	-7 491.2	National government projected underspending
–	–	–	–	–	-2 311.3	Local government repayment to the National Revenue Fund
<b>157 650.2</b>	<b>2 144 645.3</b>	<b>730 634.6</b>	<b>167 685.4</b>	<b>2 310 729.7</b>	<b>2 327 141.2</b>	<b>Main budget expenditure</b>

4) The 2025/26 adjusted appropriation includes allocations made in the 2026 Special Appropriation (2025/26 financial year) Bill.

5) Provincial equitable share excluding conditional grants to provinces.

**Table 4**  
Main budget: expenditure defrayed from the National Revenue Fund by vote

R million	2025/26			2026/27		
	Revised estimate	of which		Budget estimate	of which	
		transfers to provinces 1)	transfers to local government 2)		transfers to provinces 1)	transfers to local government 2)
1 The Presidency	751.4	-	-	808.3	-	-
2 Parliament	5 545.9	-	-	2 801.9	-	-
3 Cooperative Governance	130 312.9	151.3	124 967.6	135 009.9	157.4	129 384.4
of which: local government equitable share	-	-	103 775.7	-	-	110 090.0
4 Government Communication and Information System	829.3	-	-	803.2	-	-
5 Home Affairs	14 456.1	-	-	13 766.4	-	-
6 International Relations and Cooperation	7 299.1	-	-	7 227.1	-	-
7 National School of Government	227.5	-	-	240.2	-	-
8 National Treasury	34 738.2	-	4 395.9	37 952.2	-	10 245.6
9 Planning, Monitoring and Evaluation	514.1	-	-	533.0	-	-
10 Electricity and Energy	6 487.8	-	1 943.3	6 061.2	-	1 902.3
11 Public Service and Administration	542.9	-	-	596.7	-	-
12 Public Service Commission	316.3	-	-	353.8	-	-
13 Public Works and Infrastructure	7 647.7	627.2	567.3	7 835.5	648.7	585.6
14 Statistics South Africa	2 855.3	-	-	2 983.5	-	-
15 Traditional Affairs	195.5	-	-	342.8	-	-
16 Basic Education	37 808.3	31 317.4	-	38 225.9	32 718.8	-
17 Higher Education	116 220.7	-	-	121 571.3	-	-
18 Health	65 900.1	58 609.4	-	66 910.2	60 350.5	-
19 Social Development	290 189.1	-	-	302 405.0	-	-
20 Women, Youth and Persons with Disabilities	1 356.5	-	-	2 243.1	-	-
21 Civilian Secretariat for the Police Service	172.6	-	-	181.4	-	-
22 Correctional Services	29 223.2	-	-	30 939.6	-	-
23 Defence	59 072.2	-	-	57 605.7	-	-
24 Independent Police Investigative Directorate	428.6	-	-	447.1	-	-
25 Justice and Constitutional Development	22 945.2	-	-	23 571.8	-	-
26 Military Veterans	878.5	-	-	912.8	-	-
27 Office of the Chief Justice	1 599.5	-	-	2 006.6	-	-
28 Police	120 889.9	-	-	127 072.5	-	-
29 Agriculture	7 946.4	2 793.6	-	7 841.9	2 396.5	-
30 Communications and Digital Technologies	4 439.4	-	-	2 549.0	-	-
31 Employment and Labour	4 226.8	-	-	4 578.2	-	-
32 Forestry, Fisheries and the Environment	9 144.0	-	-	9 127.4	-	-
33 Human Settlements	34 795.3	16 918.8	13 967.4	26 972.2	15 183.1	8 496.4
34 Mineral and Petroleum Resources	2 828.0	-	-	2 856.9	-	-
35 Science, Technology and Innovation	9 397.7	-	-	10 439.6	-	-
36 Small Business Development	2 918.1	-	-	3 036.5	-	-
37 Sport, Arts and Culture	6 307.9	2 276.2	-	6 617.3	2 371.2	-
38 Tourism	2 434.9	-	-	2 540.6	-	-
39 Trade, Industry and Competition	11 128.6	-	-	11 698.5	-	-
40 Transport	106 942.8	26 744.9	7 670.1	102 108.9	26 331.6	5 842.6
41 Water and Sanitation	22 891.0	-	7 975.5	21 957.1	-	8 290.8
42 Land Reform and Rural Development	10 468.1	-	-	10 355.2	-	-
<b>Total appropriation by vote</b>	<b>1 195 273.4</b>	<b>139 438.9</b>	<b>161 487.2</b>	<b>1 214 088.0</b>	<b>140 157.8</b>	<b>164 747.6</b>
Plus:						
<b>Direct charges against the National Revenue Fund</b>						
President and deputy president salaries (The Presidency)	6.8	-	-	8.5	-	-
Members' remuneration (Parliament)	553.1	-	-	542.7	-	-
Debt-service costs (National Treasury)	420 609.6	-	-	432 448.7	-	-
Provincial equitable share (National Treasury)	649 339.1	649 339.1	-	670 322.7	670 322.7	-
General fuel levy sharing with metropolitan municipalities (National Treasury)	16 849.1	-	16 849.1	17 530.0	-	17 530.0
National Revenue Fund payments (National Treasury)	6 252.8	-	-	1 485.0	-	-
Auditor-General of South Africa (National Treasury)	134.3	-	-	139.8	-	-
Guarantees, indemnities and securities: Land and Agricultural Development Bank of South Africa (National Treasury)	-	-	-	-	-	-
Public-sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations (National Treasury)	8 049.1	-	-	8 541.5	-	-
Guarantees, indemnities and securities: Payment to the South African Reserve Bank (National Treasury)	118.6	-	-	-	-	-
Guarantees, indemnities and securities: Denel (Defence)	-	-	-	-	-	-
Skills levy and sector education and training authorities (Higher Education)	25 978.6	-	-	27 657.3	-	-
Magistrates' salaries (Justice and Constitutional Development)	2 630.3	-	-	2 751.2	-	-
Judges' salaries (Office of the Chief Justice)	1 332.8	-	-	1 392.9	-	-
International Oil Pollution Compensation Funds (Transport)	13.7	-	-	14.3	-	-
<b>Total direct charges against the National Revenue Fund</b>	<b>1 131 867.9</b>	<b>649 339.1</b>	<b>16 849.1</b>	<b>1 162 834.5</b>	<b>670 322.7</b>	<b>17 530.0</b>
Provisional allocations not appropriated	-	-	-	1 322.2	-	-
<b>Total</b>	<b>2 327 141.2</b>	<b>788 778.0</b>	<b>178 336.3</b>	<b>2 378 244.7</b>	<b>810 480.6</b>	<b>182 277.7</b>
Contingency reserve	-	-	-	5 008.0	-	-
National government projected underspending	-	-	-	-	-	-
Local government repayment to the National Revenue Fund	-	-	-	-	-	-
<b>Main budget expenditure</b>	<b>2 327 141.2</b>	<b>788 778.0</b>	<b>178 336.3</b>	<b>2 383 252.8</b>	<b>810 480.6</b>	<b>182 277.7</b>

1) Includes provincial equitable share and conditional grants allocated to provinces.

2) Includes local government equitable share and conditional grants allocated to local government, as well as general fuel levy sharing with metropolitan municipalities.

3) Budget estimate adjusted for function shifts.

Source: National Treasury

**Table 4**  
**Main budget: expenditure defrayed from the**  
**National Revenue Fund by vote**

2027/28			2028/29			R million
Budget estimate	of which		Budget estimate	of which		
	transfers to provinces 1)	transfers to local government 2)		transfers to provinces 1)	transfers to local government 2)	
871.6	-	-	895.9	-	-	1 The Presidency
2 993.4	-	-	3 086.4	-	-	2 Parliament
141 530.2	163.7	136 374.7	145 928.8	168.7	140 613.1	3 Cooperative Governance
-	-	114 483.3	-	-	118 041.4	of which: local government equitable share
837.0	-	-	863.0	-	-	4 Government Communication and Information System
12 879.8	-	-	13 291.5	-	-	5 Home Affairs
7 475.6	-	-	7 707.9	-	-	6 International Relations and Cooperation
248.2	-	-	255.9	-	-	7 National School of Government
39 908.4	-	11 065.3	43 495.6	-	13 562.7	8 National Treasury
550.6	-	-	567.7	-	-	9 Planning, Monitoring and Evaluation
7 074.2	-	1 978.2	6 871.6	-	2 039.7	10 Electricity and Energy
616.1	-	-	635.3	-	-	11 Public Service and Administration
367.7	-	-	379.7	-	-	12 Public Service Commission
8 233.5	681.2	613.8	8 489.9	703.1	632.8	13 Public Works and Infrastructure
3 094.2	-	-	3 201.6	-	-	14 Statistics South Africa
265.5	-	-	274.4	-	-	15 Traditional Affairs
41 108.5	35 879.5	-	42 548.6	37 157.1	-	16 Basic Education
127 118.6	-	-	131 069.3	-	-	17 Higher Education
69 793.8	63 047.6	-	72 009.3	65 053.4	-	18 Health
277 272.9	-	-	286 620.6	-	-	19 Social Development
928.9	-	-	958.6	-	-	20 Women, Youth and Persons with Disabilities
189.4	-	-	195.3	-	-	21 Civilian Secretariat for the Police Service
31 854.0	-	-	32 844.0	-	-	22 Correctional Services
59 878.2	-	-	61 754.4	-	-	23 Defence
465.4	-	-	479.9	-	-	24 Independent Police Investigative Directorate
24 425.6	-	-	25 181.3	-	-	25 Justice and Constitutional Development
947.6	-	-	977.0	-	-	26 Military Veterans
2 128.9	-	-	2 200.4	-	-	27 Office of the Chief Justice
131 680.9	-	-	135 773.5	-	-	28 Police
8 150.6	2 619.4	-	8 405.2	2 702.1	-	29 Agriculture
2 649.2	-	-	2 731.5	-	-	30 Communications and Digital Technologies
4 138.9	-	-	4 267.5	-	-	31 Employment and Labour
9 851.2	-	-	10 157.4	-	-	32 Forestry, Fisheries and the Environment
27 180.4	15 789.0	7 970.5	27 212.1	16 280.9	7 404.0	33 Human Settlements
2 976.2	-	-	3 068.7	-	-	34 Mineral and Petroleum Resources
10 815.4	-	-	11 120.5	-	-	35 Science, Technology and Innovation
3 158.3	-	-	3 256.4	-	-	36 Small Business Development
6 460.9	2 468.7	-	6 663.5	2 547.3	-	37 Sport, Arts and Culture
2 640.6	-	-	2 722.7	-	-	38 Tourism
10 601.5	-	-	10 930.9	-	-	39 Trade, Industry and Competition
99 016.4	26 588.6	4 646.2	112 286.0	27 414.9	3 887.4	40 Transport
21 295.1	-	8 428.9	27 869.3	-	8 355.1	41 Water and Sanitation
10 715.1	-	-	11 048.1	-	-	42 Land Reform and Rural Development
<b>1 214 388.4</b>	<b>147 237.6</b>	<b>171 077.6</b>	<b>1 270 297.1</b>	<b>152 027.7</b>	<b>176 494.7</b>	<b>Total appropriation by vote</b>
						Plus:
						<b>Direct charges against the National Revenue Fund</b>
8.9	-	-	9.2	-	-	President and deputy president salaries (The Presidency)
567.4	-	-	585.0	-	-	Members' remuneration (Parliament)
451 449.8	-	-	469 321.2	-	-	Debt-service costs (National Treasury)
698 625.7	698 625.7	-	720 409.3	720 409.3	-	5) Provincial equitable share (National Treasury)
18 229.6	-	18 229.6	18 796.2	-	18 796.2	General fuel levy sharing with metropolitan municipalities (National Treasury)
-	-	-	-	-	-	National Revenue Fund payments (National Treasury)
145.3	-	-	149.9	-	-	Auditor-General of South Africa (National Treasury)
-	-	-	-	-	-	Guarantees, indemnities and securities: Land and Agricultural Development Bank of South Africa (National Treasury)
9 388.7	-	-	9 680.5	-	-	Public-sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations (National Treasury)
-	-	-	-	-	-	Guarantees, indemnities and securities: Payment to the South African Reserve Bank (National Treasury)
-	-	-	-	-	-	Guarantees, indemnities and securities: Denel (Defence)
29 405.7	-	-	31 182.9	-	-	Skills levy and sector education and training authorities (Higher Education)
2 875.4	-	-	2 964.7	-	-	Magistrates' salaries (Justice and Constitutional Development)
1 455.0	-	-	1 501.6	-	-	Judges' salaries (Office of the Chief Justice)
14.8	-	-	15.3	-	-	International Oil Pollution Compensation Funds (Transport)
<b>1 212 166.2</b>	<b>698 625.7</b>	<b>18 229.6</b>	<b>1 254 615.7</b>	<b>720 409.3</b>	<b>18 796.2</b>	<b>Total direct charges against the National Revenue Fund</b>
38 206.8	-	-	39 199.5	-	-	Provisional allocations not appropriated
<b>2 464 761.4</b>	<b>845 863.4</b>	<b>189 307.2</b>	<b>2 564 112.3</b>	<b>872 437.0</b>	<b>195 290.9</b>	<b>Total</b>
10 602.9	-	-	16 957.2	-	-	Contingency reserve
-	-	-	-	-	-	National government projected underspending
-	-	-	-	-	-	Local government repayment to the National Revenue Fund
<b>2 475 364.3</b>	<b>845 863.4</b>	<b>189 307.2</b>	<b>2 581 069.5</b>	<b>872 437.0</b>	<b>195 290.9</b>	<b>Main budget expenditure</b>

4) The 2025/26 adjusted appropriation includes allocations made in the 2026 Special Appropriation (2025/26 financial year) Bill.

5) Provincial equitable share excluding conditional grants to provinces.

**Table 5**  
**Consolidated national, provincial and social security**  
**funds expenditure: economic classification 1)**

R million	2022/23		2023/24		2024/25		2025/26
	Outcome	% of total	Outcome	% of total	Outcome	% of total	Revised estimate
<b>Current payments</b>	<b>1 165 470.5</b>	<b>55.5%</b>	<b>1 249 500.1</b>	<b>57.8%</b>	<b>1 318 677.7</b>	<b>58.3%</b>	<b>1 413 359.7</b>
Compensation of employees	622 483.3	29.7%	650 935.0	30.1%	683 946.8	30.2%	725 889.0
Goods and services	233 812.7	11.1%	241 747.2	11.2%	248 153.5	11.0%	266 244.5
Interest and rent on land	309 174.5	14.7%	356 817.9	16.5%	386 577.4	17.1%	421 226.2
<b>Transfers and subsidies</b>	<b>814 121.9</b>	<b>38.8%</b>	<b>853 433.7</b>	<b>39.5%</b>	<b>878 228.7</b>	<b>38.8%</b>	<b>945 773.2</b>
Municipalities	160 275.8	7.6%	167 129.1	7.7%	176 519.3	7.8%	188 022.5
<i>of which: local government share</i> 2)	44 838.8	2.1%	51 426.0	2.4%	49 954.8	2.2%	52 055.0
Departmental agencies and accounts	169 904.8	8.1%	183 097.4	8.5%	184 741.0	8.2%	193 248.1
Higher education institutions	52 266.6	2.5%	49 919.7	2.3%	52 978.9	2.3%	53 594.0
Foreign governments and international organisations	3 253.6	0.2%	2 974.6	0.1%	3 457.7	0.2%	3 710.0
Public corporations and private enterprises	51 946.7	2.5%	54 053.0	2.5%	49 086.8	2.2%	71 921.9
Public corporations	38 476.5	1.8%	40 283.4	1.9%	35 264.6	1.6%	58 083.8
Subsidies on products and production	11 952.1	0.6%	12 990.5	0.6%	13 745.0	0.6%	12 276.6
Other transfers	26 524.4	1.3%	27 292.9	1.3%	21 519.6	1.0%	45 807.3
Private enterprises	13 470.2	0.6%	13 769.6	0.6%	13 822.2	0.6%	13 838.0
Subsidies on products and production	11 832.2	0.6%	6 024.0	0.3%	12 810.0	0.6%	5 882.8
Other transfers	1 638.0	0.1%	7 745.6	0.4%	1 012.2	0.0%	7 955.2
Non-profit institutions	39 957.3	1.9%	41 731.7	1.9%	39 148.8	1.7%	40 497.7
Households	336 517.1	16.0%	354 528.2	16.4%	372 296.1	16.5%	394 778.9
Social benefits	310 637.4	14.8%	328 464.1	15.2%	346 607.3	15.3%	361 516.8
Other transfers to households	25 879.7	1.2%	26 064.1	1.2%	25 688.9	1.1%	33 262.1
<b>Payments for capital assets</b>	<b>51 461.2</b>	<b>2.5%</b>	<b>55 309.5</b>	<b>2.6%</b>	<b>56 607.7</b>	<b>2.5%</b>	<b>65 983.6</b>
Buildings and other fixed structures	34 859.3	1.7%	40 137.8	1.9%	40 267.9	1.8%	51 120.6
Buildings	20 275.0	1.0%	22 804.7	1.1%	22 550.5	1.0%	30 034.2
Other fixed structures	14 584.3	0.7%	17 333.1	0.8%	17 717.4	0.8%	21 086.4
Machinery and equipment	13 295.3	0.6%	13 526.0	0.6%	14 027.1	0.6%	13 571.6
Transport equipment	5 208.4	0.2%	5 190.3	0.2%	5 262.4	0.2%	5 004.8
Other machinery and equipment	8 086.9	0.4%	8 335.7	0.4%	8 764.7	0.4%	8 566.8
Land and sub-soil assets	2 193.2	0.1%	708.2	0.0%	1 124.5	0.0%	502.3
Software and other intangible assets	1 033.3	0.0%	835.6	0.0%	1 050.5	0.0%	676.1
Other assets 3)	80.1	0.0%	101.9	0.0%	137.7	0.0%	113.0
<b>Payments for financial assets</b> 4)	<b>68 086.5</b>	<b>3.2%</b>	<b>3 450.6</b>	<b>0.2%</b>	<b>8 549.2</b>	<b>0.4%</b>	<b>16 599.0</b>
<b>Subtotal: votes and direct charges</b>	<b>2 099 140.1</b>	<b>100.0%</b>	<b>2 161 693.9</b>	<b>100.0%</b>	<b>2 262 063.3</b>	<b>100.0%</b>	<b>2 441 715.6</b>
<b>Plus:</b>							
Contingency reserve	–	–	–	–	–	–	–
<b>Total consolidated expenditure</b>	<b>2 099 140.1</b>	<b>100.0%</b>	<b>2 161 693.9</b>	<b>100.0%</b>	<b>2 262 063.3</b>	<b>100.0%</b>	<b>2 441 715.6</b>

1) These figures were estimated by the National Treasury and may differ from data published by Statistics South Africa and the Reserve Bank. The numbers in this table are not strictly comparable to those published in previous years due to the reclassification of expenditure items for previous years. Data for the previous years has been adjusted accordingly.

2) Includes equitable share and conditional grants to local government.

Source: National Treasury

**Table 5**  
**Consolidated national, provincial and social security**  
**funds expenditure: economic classification 1)**

2025/26	2026/27		2027/28		2028/29		
% of total	Budget estimate	% of total	Budget estimate	% of total	Budget estimate	% of total	R million
57.9%	1 467 877.1	58.2%	1 530 774.4	58.7%	1 582 446.7	58.3%	<b>Current payments</b>
29.7%	764 923.5	30.3%	799 367.0	30.7%	823 211.4	30.3%	Compensation of employees
10.9%	269 945.8	10.7%	279 374.9	10.7%	289 357.6	10.7%	Goods and services
17.3%	433 007.8	17.2%	452 032.5	17.3%	469 877.7	17.3%	Interest and rent on land
<b>38.7%</b>	<b>987 057.9</b>	<b>39.1%</b>	<b>1 007 669.5</b>	<b>38.6%</b>	<b>1 054 325.5</b>	<b>38.8%</b>	<b>Transfers and subsidies</b>
7.7%	191 678.9	7.6%	199 346.6	7.6%	205 592.4	7.6%	Municipalities
2.1%	53 888.9	2.1%	56 830.0	2.2%	56 720.1	2.1%	2) of which: local government share
7.9%	202 741.9	8.0%	207 307.0	7.9%	222 720.7	8.2%	Departmental agencies and accounts
2.2%	56 048.2	2.2%	58 921.1	2.3%	60 772.3	2.2%	Higher education institutions
0.2%	3 398.9	0.1%	3 588.8	0.1%	3 701.7	0.1%	Foreign governments and international organisations
2.9%	65 238.4	2.6%	61 892.6	2.4%	70 255.7	2.6%	Public corporations and private enterprises
2.4%	51 107.7	2.0%	47 338.8	1.8%	55 385.4	2.0%	Public corporations
0.5%	14 607.4	0.6%	14 798.7	0.6%	15 361.8	0.6%	Subsidies on products and production
1.9%	36 500.3	1.4%	32 540.1	1.2%	40 023.6	1.5%	Other transfers
0.6%	14 130.7	0.6%	14 553.7	0.6%	14 870.4	0.5%	Private enterprises
0.2%	5 997.7	0.2%	6 245.3	0.2%	6 388.7	0.2%	Subsidies on products and production
0.3%	8 133.0	0.3%	8 308.4	0.3%	8 481.6	0.3%	Other transfers
1.7%	44 295.2	1.8%	47 594.1	1.8%	48 753.4	1.8%	Non-profit institutions
16.2%	423 656.5	16.8%	429 019.3	16.5%	442 529.3	16.3%	Households
14.8%	388 894.5	15.4%	393 850.0	15.1%	406 428.0	15.0%	Social benefits
1.4%	34 761.9	1.4%	35 169.3	1.3%	36 101.3	1.3%	Other transfers to households
<b>2.7%</b>	<b>56 048.6</b>	<b>2.2%</b>	<b>54 766.6</b>	<b>2.1%</b>	<b>57 096.8</b>	<b>2.1%</b>	<b>Payments for capital assets</b>
2.1%	41 621.1	1.7%	40 246.6	1.5%	42 272.2	1.6%	Buildings and other fixed structures
1.2%	24 535.7	1.0%	25 252.8	1.0%	25 748.8	0.9%	Buildings
0.9%	17 085.4	0.7%	14 993.7	0.6%	16 523.5	0.6%	Other fixed structures
0.6%	13 014.6	0.5%	13 312.0	0.5%	13 602.0	0.5%	Machinery and equipment
0.2%	4 774.3	0.2%	4 717.2	0.2%	4 834.0	0.2%	Transport equipment
0.4%	8 240.3	0.3%	8 594.8	0.3%	8 767.9	0.3%	Other machinery and equipment
0.0%	692.2	0.0%	565.9	0.0%	583.8	0.0%	Land and sub-soil assets
0.0%	618.3	0.0%	552.6	0.0%	561.4	0.0%	Software and other intangible assets
0.0%	102.3	0.0%	89.6	0.0%	77.4	0.0%	3) Other assets
<b>0.7%</b>	<b>5 795.1</b>	<b>0.2%</b>	<b>4 082.8</b>	<b>0.2%</b>	<b>5 605.0</b>	<b>0.2%</b>	<b>4) Payments for financial assets</b>
<b>100.0%</b>	<b>2 516 778.6</b>	<b>99.8%</b>	<b>2 597 293.2</b>	<b>99.6%</b>	<b>2 699 474.1</b>	<b>99.4%</b>	<b>Subtotal: votes and direct charges</b>
–	5 008.0	0.2%	10 602.9	0.4%	16 957.2	0.6%	<b>Plus:</b> Contingency reserve
<b>100.0%</b>	<b>2 521 786.7</b>	<b>100.0%</b>	<b>2 607 896.1</b>	<b>100.0%</b>	<b>2 716 431.2</b>	<b>100.0%</b>	<b>Total consolidated expenditure</b>

3) Includes biological, heritage and specialised military assets.

4) Includes National Revenue Fund payments previously accounted for separately.

**Table 6**  
**Consolidated national, provincial and social security**  
**funds expenditure: functional classification 1)**

	2022/23		2023/24		2024/25		2025/26
	Estimated outcome	% of total	Estimated outcome	% of total	Estimated outcome	% of total	Revised estimate
<b>R million</b>							
<b>General public services</b> 2)	<b>421 202.9</b>	<b>20.1%</b>	<b>470 573.0</b>	<b>21.8%</b>	<b>503 091.8</b>	<b>22.2%</b>	<b>558 187.3</b>
<i>of which: debt-service costs</i>	47 952.2	2.3%	48 985.6	2.3%	49 958.8	2.2%	54 786.4
<b>Defence</b>	<b>52 847.6</b>	<b>2.5%</b>	<b>50 415.5</b>	<b>2.3%</b>	<b>52 722.4</b>	<b>2.3%</b>	<b>53 607.9</b>
<b>Public order and safety</b>	<b>162 778.7</b>	<b>7.8%</b>	<b>169 469.3</b>	<b>7.8%</b>	<b>176 641.4</b>	<b>7.8%</b>	<b>191 895.4</b>
Police services	110 237.1	5.3%	115 542.4	5.3%	120 199.7	5.3%	132 769.7
Law courts	26 112.4	1.2%	26 741.7	1.2%	28 005.6	1.2%	29 902.5
Prisons	26 429.2	1.3%	27 185.2	1.3%	28 436.1	1.3%	29 223.2
<b>Economic affairs</b>	<b>242 436.9</b>	<b>11.5%</b>	<b>192 361.2</b>	<b>8.9%</b>	<b>193 371.7</b>	<b>8.5%</b>	<b>225 028.0</b>
General economic, commercial and labour affairs	29 687.7	1.4%	30 095.0	1.4%	27 778.1	1.2%	31 125.8
Agriculture, forestry, fishing and hunting	24 615.7	1.2%	24 345.3	1.1%	24 442.4	1.1%	27 520.1
Fuel and energy	29 772.1	1.4%	7 486.7	0.3%	5 981.1	0.3%	6 487.8
Mining, manufacturing and construction	2 571.6	0.1%	2 737.5	0.1%	3 264.4	0.1%	3 288.5
Transport	133 752.0	6.4%	108 123.3	5.0%	114 515.5	5.1%	137 394.7
Communication	5 640.0	0.3%	3 729.1	0.2%	3 437.3	0.2%	4 146.1
Other industries	5 642.8	0.3%	3 650.6	0.2%	3 446.9	0.2%	3 814.0
Economic affairs not elsewhere classified	10 754.9	0.5%	12 193.7	0.6%	10 506.0	0.5%	11 251.0
<b>Environmental protection</b>	<b>10 556.9</b>	<b>0.5%</b>	<b>12 065.1</b>	<b>0.6%</b>	<b>11 114.4</b>	<b>0.5%</b>	<b>11 754.8</b>
<b>Housing and community amenities</b>	<b>162 169.0</b>	<b>7.7%</b>	<b>177 736.9</b>	<b>8.2%</b>	<b>190 266.3</b>	<b>8.4%</b>	<b>195 618.6</b>
Housing development	33 977.6	1.6%	35 331.2	1.6%	38 640.0	1.7%	39 562.4
Community development	110 498.0	5.3%	121 074.2	5.6%	127 810.5	5.7%	133 165.2
Water supply	17 693.4	0.8%	21 331.6	1.0%	23 815.8	1.1%	22 891.0
<b>Health</b>	<b>249 892.6</b>	<b>11.9%</b>	<b>257 876.1</b>	<b>11.9%</b>	<b>266 211.9</b>	<b>11.8%</b>	<b>285 390.1</b>
<b>Recreation and culture</b>	<b>12 321.5</b>	<b>0.6%</b>	<b>14 202.3</b>	<b>0.7%</b>	<b>14 248.2</b>	<b>0.6%</b>	<b>15 348.4</b>
<b>Education</b>	<b>435 952.7</b>	<b>20.8%</b>	<b>451 973.4</b>	<b>20.9%</b>	<b>466 716.6</b>	<b>20.6%</b>	<b>492 418.4</b>
<b>Social protection</b>	<b>348 981.3</b>	<b>16.6%</b>	<b>365 021.1</b>	<b>16.9%</b>	<b>387 678.6</b>	<b>17.1%</b>	<b>412 466.7</b>
<b>Subtotal: votes and direct charges</b>	<b>2 099 140.1</b>	<b>100.0%</b>	<b>2 161 693.9</b>	<b>100.0%</b>	<b>2 262 063.3</b>	<b>100.0%</b>	<b>2 441 715.6</b>
<b>Plus:</b>							
Contingency reserve	–	–	–	–	–	–	–
<b>Total</b>	<b>2 099 140.1</b>	<b>100.0%</b>	<b>2 161 693.9</b>	<b>100.0%</b>	<b>2 262 063.3</b>	<b>100.0%</b>	<b>2 441 715.6</b>

1) These figures were estimated by the National Treasury and may differ from data published by Statistics South Africa. The numbers in this table are not strictly comparable to those published in previous years due to the allocation of some of the unallocable expenditure for previous years. Data for the previous years has been adjusted accordingly.

Source: National Treasury

**Table 6**  
**Consolidated national, provincial and social security**  
**funds expenditure: functional classification <sup>1)</sup>**

2025/26	2026/27		2027/28		2028/29		
% of total	Budget estimate	% of total	Budget estimate	% of total	Budget estimate	% of total	R million
22.9%	565 019.0	22.5%	587 729.0	22.6%	611 973.5	22.7%	2) <b>General public services</b>
2.2%	55 440.2	2.2%	56 097.1	2.2%	58 309.6	2.2%	<i>of which: debt-service costs</i>
2.2%	52 114.8	2.1%	54 061.7	2.1%	55 701.4	2.1%	<b>Defence</b>
7.9%	202 553.5	8.0%	208 579.4	8.0%	215 208.7	8.0%	<b>Public order and safety</b>
5.4%	139 608.8	5.5%	144 870.6	5.6%	149 515.6	5.5%	Police services
1.2%	32 005.1	1.3%	31 854.9	1.2%	32 849.1	1.2%	Law courts
1.2%	30 939.6	1.2%	31 854.0	1.2%	32 844.0	1.2%	Prisons
9.2%	217 533.5	8.6%	216 063.4	8.3%	233 897.7	8.7%	<b>Economic affairs</b>
1.3%	31 150.6	1.2%	30 232.1	1.2%	30 665.9	1.1%	General economic, commercial and labour affairs
1.1%	28 488.1	1.1%	29 465.5	1.1%	30 701.7	1.1%	Agriculture, forestry, fishing and hunting
0.3%	6 061.2	0.2%	7 074.2	0.3%	6 871.6	0.3%	Fuel and energy
0.1%	3 308.7	0.1%	3 447.2	0.1%	3 554.3	0.1%	Mining, manufacturing and construction
5.6%	129 130.6	5.1%	125 722.0	4.8%	141 429.8	5.2%	Transport
0.2%	3 108.2	0.1%	3 228.6	0.1%	3 322.3	0.1%	Communication
0.2%	3 916.4	0.2%	4 082.3	0.2%	4 206.5	0.2%	Other industries
0.5%	12 369.8	0.5%	12 811.6	0.5%	13 145.6	0.5%	Economic affairs not elsewhere classified
0.5%	11 799.6	0.5%	12 644.7	0.5%	13 031.3	0.5%	<b>Environmental protection</b>
8.0%	196 153.5	7.8%	201 475.2	7.8%	213 030.0	7.9%	<b>Housing and community amenities</b>
1.6%	33 436.4	1.3%	33 397.3	1.3%	33 655.3	1.2%	Housing development
5.5%	140 760.1	5.6%	146 782.8	5.7%	151 505.4	5.6%	Community development
0.9%	21 957.1	0.9%	21 295.1	0.8%	27 869.3	1.0%	Water supply
11.7%	298 616.7	11.9%	311 261.0	12.0%	319 487.0	11.8%	<b>Health</b>
0.6%	15 248.6	0.6%	15 184.1	0.6%	15 515.3	0.6%	<b>Recreation and culture</b>
20.2%	513 995.7	20.4%	539 288.5	20.8%	557 376.6	20.6%	<b>Education</b>
16.9%	443 743.8	17.6%	451 006.2	17.4%	464 252.6	17.2%	<b>Social protection</b>
100.0%	2 516 778.6	99.8%	2 597 293.2	99.6%	2 699 474.1	99.4%	<b>Subtotal: votes and direct charges</b>
–	5 008.0	0.2%	10 602.9	0.4%	16 957.2	0.6%	<b>Plus:</b> Contingency reserve
100.0%	2 521 786.7	100.0%	2 607 896.1	100.0%	2 716 431.2	100.0%	<b>Total</b>

2) *Mainly general administration, cost of raising loans and unallocable capital expenditure, as well as National Revenue Fund payments previously accounted for separately.*

Table 7  
Consolidated government revenue and expenditure:  
economic classification <sup>1)</sup>

	2022/23		2023/24		2024/25		2025/26
	Outcome	% of total	Outcome	% of total	Outcome	% of total	Revised estimate
<b>R million</b>							
<b>Revenue</b>							
Current revenue	1 901 623.0	100.0%	1 949 540.8	100.0%	2 053 035.2	100.0%	2 231 327.2
<i>Tax revenue (net of SACU)</i>	1 740 778.6	91.5%	1 761 477.4	90.3%	1 867 462.1	90.9%	2 032 913.4
<i>Non-tax revenue</i>	160 844.4	8.5%	188 063.4	9.6%	185 573.0	9.0%	198 413.9
Sales of capital assets	740.5	0.0%	662.9	0.0%	745.7	0.0%	347.8
<b>Total revenue</b>	<b>1 902 363.5</b>	<b>100.0%</b>	<b>1 950 203.7</b>	<b>100.0%</b>	<b>2 053 780.9</b>	<b>100.0%</b>	<b>2 231 675.0</b>
<b>Expenditure</b>							
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 297 492.4</b>	<b>60.4%</b>	<b>1 402 225.0</b>	<b>62.1%</b>	<b>1 485 237.3</b>	<b>62.1%</b>	<b>1 588 898.8</b>
Compensation of employees	689 277.2	32.1%	723 932.7	32.1%	760 542.7	31.8%	808 578.2
Goods and services	292 442.3	13.6%	314 719.2	13.9%	331 581.4	13.9%	352 133.5
Interest and rent on land	315 772.9	14.7%	363 573.1	16.1%	393 113.2	16.4%	428 187.0
<b>Transfers and subsidies</b>	<b>712 487.8</b>	<b>33.2%</b>	<b>744 880.1</b>	<b>33.0%</b>	<b>779 262.5</b>	<b>32.6%</b>	<b>838 112.2</b>
Municipalities	162 775.7	7.6%	169 616.7	7.5%	179 314.4	7.5%	191 020.0
Departmental agencies and accounts	27 140.2	1.3%	33 763.5	1.5%	32 978.1	1.4%	34 191.9
Higher education institutions	52 999.6	2.5%	50 758.8	2.2%	53 747.7	2.2%	56 624.7
Foreign governments and international organisations	3 397.3	0.2%	3 016.4	0.1%	3 467.2	0.1%	3 764.5
Public corporations and private enterprises	39 431.1	1.8%	41 484.7	1.8%	40 131.4	1.7%	54 750.9
Non-profit institutions	40 629.4	1.9%	42 303.9	1.9%	40 180.8	1.7%	41 636.6
Households	386 114.5	18.0%	403 936.0	17.9%	429 442.8	18.0%	456 123.7
<b>Payments for capital assets</b>	<b>89 826.6</b>	<b>4.2%</b>	<b>103 582.6</b>	<b>4.6%</b>	<b>113 133.1</b>	<b>4.7%</b>	<b>130 270.2</b>
Buildings and other fixed structures	60 009.4	2.8%	72 666.3	3.2%	77 809.7	3.3%	91 356.4
Machinery and equipment	25 406.2	1.2%	27 410.3	1.2%	25 878.3	1.1%	35 080.8
Land and sub-soil assets	2 437.3	0.1%	1 174.1	0.1%	1 485.6	0.1%	1 043.5
Software and other intangible assets	1 788.9	0.1%	2 024.7	0.1%	7 724.7	0.3%	2 594.5
Other assets	184.8	0.0%	307.1	0.0%	234.9	0.0%	195.0
<b>Payments for financial assets</b>	<b>46 802.6</b>	<b>2.2%</b>	<b>6 031.9</b>	<b>0.3%</b>	<b>12 177.7</b>	<b>0.5%</b>	<b>21 575.8</b>
<b>Subtotal: economic classification</b>	<b>2 146 609.5</b>	<b>100%</b>	<b>2 256 719.6</b>	<b>100.0%</b>	<b>2 389 810.6</b>	<b>100.0%</b>	<b>2 578 856.9</b>
Contingency reserve	–		–		–		–
<b>Total consolidated expenditure</b>	<b>2 146 609.5</b>		<b>2 256 719.6</b>		<b>2 389 810.6</b>		<b>2 578 856.9</b>
<b>Budget balance</b>	<b>-244 246.0</b>		<b>-306 515.9</b>		<b>-336 029.7</b>		<b>-347 181.9</b>
<i>Percentage of GDP</i>	-3.6%		-4.3%		-4.5%		-4.5%
<b>Redemptions</b>	<b>-90 324.0</b>		<b>-144 394.8</b>		<b>-98 619.8</b>		<b>-159 520.5</b>
<i>Domestic long-term loans</i>	-74 562.4		-97 250.1		-61 000.7		-102 904.9
<i>Foreign loans</i>	-15 761.6		-47 144.7		-37 619.1		-56 615.6
<b>Eskom debt-relief arrangement</b>	–		<b>-76 000.0</b>		<b>-64 000.0</b>		<b>-80 000.0</b>
<b>GFECRA settlement</b>	–		–		<b>100 000.0</b>		<b>25 000.0</b>
<b>Gross borrowing requirement</b>	<b>-334 570.0</b>		<b>-526 910.7</b>		<b>-398 649.5</b>		<b>-561 702.4</b>
<b>Financing</b>							
<b>Change in loan liabilities</b>	<b>361 308.1</b>		<b>470 646.6</b>		<b>454 609.2</b>		<b>538 055.0</b>
<i>Domestic short- and long-term loans</i>	296 842.6		424 983.6		387 252.5		427 483.5
<i>Foreign loans</i>	64 465.6		45 663.0		67 356.7		110 571.6
<b>Change in cash and other balances (- increase)</b>	<b>-26 738.1</b>		<b>56 264.1</b>		<b>-55 959.7</b>		<b>23 647.3</b>
<b>Total financing</b>	<b>334 570.0</b>		<b>526 910.7</b>		<b>398 649.5</b>		<b>561 702.4</b>
<b>GDP</b>	<b>6 768 189.0</b>		<b>7 114 369.0</b>		<b>7 398 860.0</b>		<b>7 756 745.8</b>

1) Consisting of national and provincial government, social security funds and public entities. Refer to Annexure W2 for a detailed list of entities included.

In some cases figures were estimated by the National Treasury and may differ from data published by Statistics South Africa and the Reserve Bank.

2) Includes National Revenue Fund receipts previously accounted for separately.

Source: National Treasury

**Table 7**  
**Consolidated government revenue and expenditure:**  
**economic classification <sup>1)</sup>**

2025/26	2026/27		2027/28		2028/29		R million
	Budget estimate	% of total	Budget estimate	% of total	Budget estimate	% of total	
100.0%	2 344 992.3	100.0%	2 466 956.1	100.0%	2 612 374.8	100.0%	<b>Revenue</b>
91.1%	2 160 309.0	92.1%	2 275 137.8	92.2%	2 406 736.7	92.1%	Current revenue
8.9%	184 683.3	7.9%	191 818.3	7.8%	205 638.0	7.9%	<i>Tax revenue (net of SACU)</i>
0.0%	435.2	0.0%	345.0	0.0%	363.2	0.0%	<i>Non-tax revenue</i>
							Sales of capital assets
<b>100.0%</b>	<b>2 345 427.5</b>	<b>100.0%</b>	<b>2 467 301.1</b>	<b>100.0%</b>	<b>2 612 738.0</b>	<b>100.0%</b>	<b>Total revenue</b>
							<b>Expenditure</b>
							<b>Economic classification</b>
							<b>Current payments</b>
61.6%	1 656 157.3	62.2%	1 718 563.1	62.3%	1 781 777.6	61.9%	Compensation of employees
31.4%	852 623.5	32.0%	891 459.5	32.3%	920 152.8	32.0%	Goods and services
13.7%	362 799.9	13.6%	366 796.7	13.3%	381 251.1	13.3%	Interest and rent on land
16.6%	440 733.8	16.5%	460 306.9	16.7%	480 373.7	16.7%	<b>Transfers and subsidies</b>
							Municipalities
32.5%	862 330.6	32.4%	883 456.1	32.0%	911 039.8	31.7%	Departmental agencies and accounts
7.4%	194 821.5	7.3%	202 638.3	7.3%	209 151.7	7.3%	Higher education institutions
1.3%	32 510.4	1.2%	33 898.3	1.2%	34 131.9	1.2%	Foreign governments and international organisations
2.2%	58 364.3	2.2%	61 426.3	2.2%	63 421.4	2.2%	Public corporations and private enterprises
0.1%	3 455.6	0.1%	3 647.8	0.1%	3 762.4	0.1%	Non-profit institutions
2.1%	45 234.1	1.7%	43 634.4	1.6%	45 063.3	1.6%	Households
1.6%	46 059.5	1.7%	49 967.1	1.8%	52 284.1	1.8%	<b>Payments for capital assets</b>
17.7%	481 885.3	18.1%	488 243.9	17.7%	503 225.0	17.5%	Buildings and other fixed structures
5.1%	135 403.8	5.1%	146 337.1	5.3%	172 187.1	6.0%	Machinery and equipment
3.5%	95 679.6	3.6%	102 877.9	3.7%	121 260.3	4.2%	Land and sub-soil assets
1.4%	35 851.8	1.3%	40 282.5	1.5%	47 822.0	1.7%	Software and other intangible assets
0.0%	1 177.1	0.0%	1 073.4	0.0%	1 133.9	0.0%	Other assets
0.1%	2 511.8	0.1%	1 935.0	0.1%	1 821.0	0.1%	3) <b>Payments for financial assets</b>
0.0%	183.5	0.0%	168.3	0.0%	149.8	0.0%	4) <b>Subtotal: economic classification</b>
0.8%	10 779.0	0.4%	9 171.3	0.3%	11 462.5	0.4%	Contingency reserve
<b>100.0%</b>	<b>2 664 670.7</b>	<b>100.0%</b>	<b>2 757 527.5</b>	<b>100.0%</b>	<b>2 876 467.0</b>	<b>100.0%</b>	<b>Total consolidated expenditure</b>
	5 008.0		10 602.9		16 957.2		<b>Budget balance</b>
	<b>2 669 678.7</b>		<b>2 768 130.4</b>		<b>2 893 424.1</b>		<i>Percentage of GDP</i>
	<b>-324 251.2</b>		<b>-300 829.3</b>		<b>-280 686.2</b>		<b>Redemptions</b>
	-4.0%		-3.5%		-3.1%		<i>Domestic long-term loans</i>
	<b>-134 753.4</b>		<b>-284 151.2</b>		<b>-194 574.6</b>		<i>Foreign loans</i>
	-98 589.9		-260 250.2		-147 724.3		<b>Eskom debt-relief arrangement</b>
	-36 163.4		-23 901.0		-46 850.2		<b>GFECRA settlement</b>
	-		-		-10 000.0		<b>Gross borrowing requirement</b>
	56 000.0		-		-		<b>Financing</b>
	<b>-403 004.5</b>		<b>-584 980.5</b>		<b>-485 260.7</b>		<b>Change in loan liabilities</b>
	323 134.7		537 768.0		446 509.4		<i>Domestic short- and long-term loans</i>
	269 400.0		452 000.0		359 100.0		<i>Foreign loans</i>
	53 734.7		85 768.0		87 409.4		<b>Change in cash and other balances (- increase)</b>
	<b>79 869.8</b>		<b>47 212.5</b>		<b>38 751.4</b>		<b>Total financing</b>
	<b>403 004.5</b>		<b>584 980.5</b>		<b>485 260.7</b>		<i>GDP</i>
	8 188 089.8		8 615 135.9		9 077 256.4		

3) Includes biological, heritage and specialised military assets.

4) Includes extraordinary payments previously accounted for separately.

**Table 8**  
**Consolidated government expenditure: functional classification <sup>1)</sup>**

	2022/23		2023/24		2024/25		2025/26
	Outcome	% of total	Outcome	% of total	Outcome	% of total	Revised estimate
<b>R million</b>							
<b>General public services</b> <sup>2)</sup>	<b>429 366.9</b>	<b>20.0%</b>	<b>482 099.1</b>	<b>21.4%</b>	<b>517 054.1</b>	<b>21.6%</b>	<b>571 313.5</b>
<i>of which: debt-service costs</i>	308 459.1	14.4%	356 109.9	15.8%	385 843.7	16.1%	420 609.6
<b>Defence</b>	<b>53 001.2</b>	<b>2.5%</b>	<b>50 612.8</b>	<b>2.2%</b>	<b>52 637.1</b>	<b>2.2%</b>	<b>54 622.8</b>
<b>Public order and safety</b>	<b>165 370.1</b>	<b>7.7%</b>	<b>173 382.3</b>	<b>7.7%</b>	<b>182 434.4</b>	<b>7.6%</b>	<b>195 835.1</b>
Police services	112 476.8	5.2%	118 434.3	5.2%	124 676.6	5.2%	135 856.6
Law courts	26 464.1	1.2%	27 762.8	1.2%	29 321.7	1.2%	30 755.2
Prisons	26 429.2	1.2%	27 185.2	1.2%	28 436.1	1.2%	29 223.2
<b>Economic affairs</b>	<b>241 834.6</b>	<b>11.3%</b>	<b>227 147.2</b>	<b>10.1%</b>	<b>238 435.2</b>	<b>10.0%</b>	<b>279 290.7</b>
General economic, commercial and labour affairs	37 137.7	1.7%	37 146.3	1.6%	37 607.8	1.6%	43 795.6
Agriculture, forestry, fishing and hunting	24 826.5	1.2%	24 455.0	1.1%	24 387.6	1.0%	27 853.8
Fuel and energy	31 931.3	1.5%	9 983.9	0.4%	8 668.9	0.4%	9 652.1
Mining, manufacturing and construction	4 196.3	0.2%	3 618.4	0.2%	4 169.9	0.2%	4 205.4
Transport	118 680.8	5.5%	128 706.9	5.7%	141 795.2	5.9%	167 992.1
Communication	7 211.3	0.3%	5 689.8	0.3%	5 702.0	0.2%	8 609.1
Other industries	5 979.1	0.3%	3 803.0	0.2%	3 531.1	0.1%	4 001.9
Economic affairs not elsewhere classified	11 871.5	0.6%	13 743.9	0.6%	12 572.7	0.5%	13 180.8
<b>Environmental protection</b>	<b>13 074.1</b>	<b>0.6%</b>	<b>15 055.5</b>	<b>0.7%</b>	<b>15 056.0</b>	<b>0.6%</b>	<b>16 149.4</b>
<b>Housing and community amenities</b>	<b>196 223.4</b>	<b>9.1%</b>	<b>213 375.6</b>	<b>9.5%</b>	<b>235 377.6</b>	<b>9.8%</b>	<b>236 284.2</b>
Housing development	36 455.2	1.7%	38 730.6	1.7%	42 057.1	1.8%	42 926.5
Community development	111 507.5	5.2%	122 160.0	5.4%	129 342.1	5.4%	133 863.7
Water supply	48 260.7	2.2%	52 485.1	2.3%	63 978.5	2.7%	59 494.0
<b>Health</b>	<b>249 012.3</b>	<b>11.6%</b>	<b>258 917.9</b>	<b>11.5%</b>	<b>267 109.8</b>	<b>11.2%</b>	<b>287 256.9</b>
<b>Recreation and culture</b>	<b>12 621.4</b>	<b>0.6%</b>	<b>14 791.0</b>	<b>0.7%</b>	<b>14 886.8</b>	<b>0.6%</b>	<b>15 726.2</b>
<b>Education</b>	<b>434 992.2</b>	<b>20.3%</b>	<b>454 303.8</b>	<b>20.1%</b>	<b>476 906.9</b>	<b>20.0%</b>	<b>507 527.7</b>
<b>Social protection</b>	<b>351 113.2</b>	<b>16.4%</b>	<b>367 034.4</b>	<b>16.3%</b>	<b>389 912.7</b>	<b>16.3%</b>	<b>414 850.4</b>
<b>Subtotal: functional classification</b>	<b>2 146 609.5</b>	<b>100%</b>	<b>2 256 719.6</b>	<b>100%</b>	<b>2 389 810.6</b>	<b>100%</b>	<b>2 578 856.9</b>
<b>Plus:</b>							
Contingency reserve	–		–		–		–
<b>Total consolidated expenditure</b>	<b>2 146 609.5</b>		<b>2 256 719.6</b>		<b>2 389 810.6</b>		<b>2 578 856.9</b>

1) Consisting of national and provincial government, social security funds and public entities. Refer to Annexure W2 for a detailed list of entities included.  
In some cases figures were estimated by the National Treasury and may differ from data published by Statistics South Africa and the Reserve Bank.  
Source: National Treasury

**Table 8**  
**Consolidated government expenditure: functional classification 1)**

2025/26	2026/27		2027/28		2028/29		
% of total	Budget estimate	% of total	Budget estimate	% of total	Budget estimate	% of total	R million
22.2%	578 474.2	21.7%	598 830.8	21.7%	624 004.8	21.7%	2) General public services
16.3%	432 448.7	16.2%	451 449.8	16.4%	469 321.2	16.3%	of which: debt-service costs
2.1%	53 429.8	2.0%	55 203.8	2.0%	57 079.2	2.0%	Defence
7.6%	206 823.9	7.8%	212 921.3	7.7%	219 403.9	7.6%	Public order and safety
5.3%	143 097.5	5.4%	148 421.5	5.4%	152 888.1	5.3%	Police services
1.2%	32 786.7	1.2%	32 645.8	1.2%	33 671.9	1.2%	Law courts
1.1%	30 939.6	1.2%	31 854.0	1.2%	32 844.0	1.1%	Prisons
10.8%	280 768.7	10.5%	289 495.6	10.5%	317 026.4	11.0%	Economic affairs
1.7%	45 362.8	1.7%	44 224.8	1.6%	46 486.0	1.6%	General economic, commercial and labour affairs
1.1%	28 703.5	1.1%	29 700.1	1.1%	30 851.5	1.1%	Agriculture, forestry, fishing and hunting
0.4%	9 034.1	0.3%	10 195.5	0.4%	10 253.8	0.4%	Fuel and energy
0.2%	4 647.8	0.2%	4 842.8	0.2%	5 035.1	0.2%	Mining, manufacturing and construction
6.5%	168 751.9	6.3%	175 758.3	6.4%	199 370.5	6.9%	Transport
0.3%	5 882.2	0.2%	5 603.6	0.2%	5 183.9	0.2%	Communication
0.2%	4 027.6	0.2%	4 171.5	0.2%	4 265.8	0.1%	Other industries
0.5%	14 358.9	0.5%	14 999.2	0.5%	15 579.9	0.5%	Economic affairs not elsewhere classified
0.6%	16 678.9	0.6%	17 691.4	0.6%	18 408.0	0.6%	Environmental protection
9.2%	245 153.9	9.2%	254 575.0	9.2%	271 764.6	9.4%	Housing and community amenities
1.7%	37 109.0	1.4%	37 302.8	1.4%	38 136.7	1.3%	Housing development
5.2%	141 478.0	5.3%	147 714.3	5.4%	152 509.8	5.3%	Community development
2.3%	66 566.8	2.5%	69 558.0	2.5%	81 118.0	2.8%	Water supply
11.1%	301 329.1	11.3%	314 180.3	11.4%	322 790.9	11.2%	Health
0.6%	15 677.5	0.6%	15 385.8	0.6%	15 818.8	0.5%	Recreation and culture
19.7%	520 319.3	19.5%	545 707.3	19.8%	563 154.9	19.6%	Education
16.1%	446 015.5	16.7%	453 536.3	16.4%	467 015.5	16.2%	Social protection
100%	2 664 670.7	100%	2 757 527.5	100%	2 876 467.0	100%	Subtotal: functional classification
	5 008.0		10 602.9		16 957.2		Plus: Contingency reserve
	2 669 678.7		2 768 130.4		2 893 424.1		Total consolidated expenditure

2) Mainly general administration, cost of raising loans and unallocable capital expenditure, as well as National Revenue Fund payments previously accounted for separately.

**Table 9**  
**Consolidated government revenue, expenditure and financing**

	2022/23	2023/24	2024/25	2025/26
R million	Outcome	Outcome	Outcome	Revised estimate
<b>Operating account</b>				
<b>Current receipts</b>	<b>1 881 203.1</b>	<b>1 915 327.6</b>	<b>2 023 119.0</b>	<b>2 198 767.0</b>
<i>Tax receipts (net of SACU transfers)</i>	1 740 778.6	1 761 477.4	1 867 462.1	2 032 913.4
<i>Non-tax receipts (including departmental receipts)</i>	133 295.3	146 222.5	144 881.0	152 104.8
<i>Transfers received</i>	7 129.2	7 627.6	10 775.9	13 748.9
<b>Current payments</b>	<b>1 931 731.4</b>	<b>2 073 976.6</b>	<b>2 189 401.1</b>	<b>2 336 516.0</b>
<i>Compensation of employees</i>	689 277.2	723 932.7	760 542.7	808 578.2
<i>Goods and services</i>	292 442.3	314 719.2	331 581.4	352 133.5
<i>Interest and rent on land</i>	315 772.9	363 573.1	393 113.2	428 187.0
<i>Transfers and subsidies</i>	634 239.0	671 751.6	704 163.8	747 617.2
<b>Current balance</b>	<b>-50 528.4</b>	<b>-158 649.1</b>	<b>-166 282.0</b>	<b>-137 748.9</b>
<i>Percentage of GDP</i>	-0.7%	-2.2%	-2.2%	-1.8%
<b>Capital account</b>				
<i>Capital receipts</i>	740.5	662.9	745.7	347.8
<i>Transfers and subsidies</i>	78 248.8	73 128.5	75 098.7	90 495.0
<i>Payments for capital assets</i>	89 826.6	103 582.6	113 133.1	130 270.2
<b>Capital financing requirement</b>	<b>-167 334.9</b>	<b>-176 048.2</b>	<b>-187 486.1</b>	<b>-220 417.4</b>
<i>Percentage of GDP</i>	-2.5%	-2.5%	-2.5%	-2.8%
<b>Transactions in financial assets and liabilities</b>	<b>-26 382.7</b>	<b>28 181.3</b>	<b>17 738.4</b>	<b>10 984.4</b>
<b>Contingency reserve</b>	-	-	-	-
<b>Budget balance</b>	<b>-244 246.0</b>	<b>-306 515.9</b>	<b>-336 029.7</b>	<b>-347 181.9</b>
<i>Percentage of GDP</i>	-3.6%	-4.3%	-4.5%	-4.5%
<b>Primary balance</b>	<b>71 527.0</b>	<b>57 057.2</b>	<b>57 083.5</b>	<b>81 005.1</b>
<i>Percentage of GDP</i>	1.1%	0.8%	0.8%	1.0%
<b>Redemptions</b>	<b>-90 324.0</b>	<b>-144 394.8</b>	<b>-98 619.8</b>	<b>-159 520.5</b>
<i>Domestic long-term loans</i>	-74 562.4	-97 250.1	-61 000.7	-102 904.9
<i>Foreign loans</i>	-15 761.6	-47 144.7	-37 619.1	-56 615.6
<b>Eskom debt-relief arrangement</b>	-	<b>-76 000.0</b>	<b>-64 000.0</b>	<b>-80 000.0</b>
<b>GFECRA settlement</b>	-	-	<b>100 000.0</b>	<b>25 000.0</b>
<b>Gross borrowing requirement</b>	<b>-334 570.0</b>	<b>-526 910.7</b>	<b>-398 649.5</b>	<b>-561 702.4</b>
<b>Financing</b>				
<b>Change in loan liabilities</b>	<b>361 308.1</b>	<b>470 646.6</b>	<b>454 609.2</b>	<b>538 055.0</b>
<i>Domestic short- and long-term loans</i>	296 842.6	424 983.6	387 252.5	427 483.5
<i>Foreign loans</i>	64 465.6	45 663.0	67 356.7	110 571.6
<b>Change in cash and other balances (- increase)</b>	<b>-26 738.1</b>	<b>56 264.1</b>	<b>-55 959.7</b>	<b>23 647.3</b>
<b>Total financing</b>	<b>334 570.0</b>	<b>526 910.7</b>	<b>398 649.5</b>	<b>561 702.4</b>
<b>GDP</b>	<b>6 768 189.0</b>	<b>7 114 369.0</b>	<b>7 398 860.0</b>	<b>7 756 745.8</b>

Source: National Treasury

**Table 9**  
**Consolidated government revenue, expenditure and financing**

2026/27	2027/28	2028/29	
Budget estimate	Budget estimate	Budget estimate	R million
<b>2 322 359.6</b>	<b>2 448 223.1</b>	<b>2 591 922.8</b>	<b>Operating account</b>
2 160 309.0	2 275 137.8	2 406 736.7	<b>Current receipts</b>
148 361.8	159 185.2	170 132.0	<i>Tax receipts (net of SACU transfers)</i>
13 688.8	13 900.1	15 054.1	<i>Non-tax receipts (including departmental receipts)</i>
			<i>Transfers received</i>
<b>2 437 795.4</b>	<b>2 519 841.5</b>	<b>2 608 106.1</b>	<b>Current payments</b>
852 623.5	891 459.5	920 152.8	<i>Compensation of employees</i>
362 799.9	366 796.7	381 251.1	<i>Goods and services</i>
440 733.8	460 306.9	480 373.7	<i>Interest and rent on land</i>
781 638.2	801 278.4	826 328.5	<i>Transfers and subsidies</i>
<b>-115 435.8</b>	<b>-71 618.4</b>	<b>-16 183.3</b>	<b>Current balance</b>
-1.4%	-0.8%	-0.2%	<i>Percentage of GDP</i>
435.2	345.0	363.2	<b>Capital account</b>
80 692.4	82 177.7	84 711.4	<i>Capital receipts</i>
135 403.8	146 337.1	172 187.1	<i>Transfers and subsidies</i>
			<i>Payments for capital assets</i>
<b>-215 661.0</b>	<b>-228 169.7</b>	<b>-256 535.2</b>	<b>Capital financing requirement</b>
-2.6%	-2.6%	-2.8%	<i>Percentage of GDP</i>
<b>11 853.7</b>	<b>9 561.7</b>	<b>8 989.5</b>	<b>Transactions in financial assets and liabilities</b>
<b>5 008.0</b>	<b>10 602.9</b>	<b>16 957.2</b>	<b>Contingency reserve</b>
<b>-324 251.2</b>	<b>-300 829.3</b>	<b>-280 686.2</b>	<b>Budget balance</b>
-4.0%	-3.5%	-3.1%	<i>Percentage of GDP</i>
<b>116 482.6</b>	<b>159 477.6</b>	<b>199 687.6</b>	<b>Primary balance</b>
1.4%	1.9%	2.2%	<i>Percentage of GDP</i>
<b>-134 753.4</b>	<b>-284 151.2</b>	<b>-194 574.6</b>	<b>Redemptions</b>
-98 589.9	-260 250.2	-147 724.3	<i>Domestic long-term loans</i>
-36 163.4	-23 901.0	-46 850.2	<i>Foreign loans</i>
–	–	<b>-10 000.0</b>	<b>Eskom debt-relief arrangement</b>
<b>56 000.0</b>	–	–	<b>GFECRA settlement</b>
<b>-403 004.5</b>	<b>-584 980.5</b>	<b>-485 260.7</b>	<b>Gross borrowing requirement</b>
<b>323 134.7</b>	<b>537 768.0</b>	<b>446 509.4</b>	<b>Financing</b>
269 400.0	452 000.0	359 100.0	<b>Change in loan liabilities</b>
53 734.7	85 768.0	87 409.4	<i>Domestic short- and long-term loans</i>
			<i>Foreign loans</i>
<b>79 869.8</b>	<b>47 212.5</b>	<b>38 751.4</b>	<b>Change in cash and other balances (- increase)</b>
<b>403 004.5</b>	<b>584 980.5</b>	<b>485 260.7</b>	<b>Total financing</b>
8 188 089.8	8 615 135.9	9 077 256.4	<i>GDP</i>

**Table 10**  
**Total debt of government 1)**

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
<b>R million</b>							
<b>Domestic debt</b>							
Marketable	349 415	350 870	388 300	428 593	457 780	467 864	478 265
<i>Government bonds</i>	331 505	328 820	359 700	394 143	417 380	422 064	426 415
<i>Treasury bills</i>	17 910	22 050	28 600	34 450	40 400	45 800	51 850
<i>Bridging bonds</i>	–	–	–	–	–	–	–
Non-marketable 3)	2 030	1 910	1 999	3 498	3 699	3 238	2 555
Gross loan debt	351 445	352 780	390 299	432 091	461 479	471 102	480 821
Cash balances 4)	-6 549	-9 730	-12 669	-30 870	-58 187	-75 315	-93 809
Net loan debt	344 896	343 050	377 630	401 221	403 292	395 787	387 012
<b>Foreign debt</b>							
Gross loan debt 5)	82 009	74 286	64 670	69 405	66 846	82 581	96 218
Cash balances 4)	–	–	–	–	–	–	–
Net loan debt	82 009	74 286	64 670	69 405	66 846	82 581	96 218
<b>Gross loan debt</b>	<b>433 454</b>	<b>427 066</b>	<b>454 969</b>	<b>501 496</b>	<b>528 325</b>	<b>553 683</b>	<b>577 039</b>
<b>Net loan debt</b>	<b>426 905</b>	<b>417 336</b>	<b>442 300</b>	<b>470 626</b>	<b>470 138</b>	<b>478 368</b>	<b>483 230</b>
Gold and Foreign Exchange Contingency Reserve Account 6)	28 024	36 577	18 036	5 292	-1 751	-28 514	-72 189
<b>Composition of gross debt (excluding deduction of cash balances)</b>							
Marketable domestic debt	80.6%	82.2%	85.3%	85.5%	86.6%	84.5%	82.9%
<i>Government bonds</i>	76.5%	77.0%	79.1%	78.6%	79.0%	76.2%	73.9%
<i>Treasury bills</i>	4.1%	5.2%	6.3%	6.9%	7.6%	8.3%	9.0%
<i>Bridging bonds</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-marketable domestic debt 3)	0.5%	0.4%	0.4%	0.7%	0.7%	0.6%	0.4%
Domestic debt 5)	81.1%	82.6%	85.8%	86.2%	87.3%	85.1%	83.3%
Foreign debt	18.9%	17.4%	14.2%	13.8%	12.7%	14.9%	16.7%
<b>Total as percentage of GDP</b>							
Gross domestic debt	29.2%	25.2%	25.6%	25.5%	24.5%	22.1%	20.0%
Net domestic debt	28.6%	24.5%	24.8%	23.7%	21.4%	18.5%	16.1%
Gross foreign debt	6.8%	5.3%	4.2%	4.1%	3.5%	3.9%	4.0%
Net foreign debt	6.8%	5.3%	4.2%	4.1%	3.5%	3.9%	4.0%
Gross loan debt	36.0%	30.5%	29.8%	29.7%	28.0%	25.9%	24.0%
Net loan debt	35.4%	29.8%	29.0%	27.8%	24.9%	22.4%	20.1%

1) Debt of the national government, excluding extra-budgetary institutions and social security funds.

2) Audited outcomes at the end of March 2025.

3) Includes non-marketable Treasury bills, retail bonds, loan levies, former regional authorities and Namibian loans.

4) Bank balances of the National Revenue Fund (balances of government's accounts with the Reserve Bank and commercial banks).

Bank balances in foreign currencies are revaluated using forward estimates of exchange rates.

Source: National Treasury and Reserve Bank

**Table 10**  
**Total debt of government 1)**

2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	R million
							<b>Domestic debt</b>
527 751	700 532	869 588	1 045 415	1 210 834	1 409 718	1 601 499	Marketable
462 751	585 992	733 438	890 256	1 038 849	1 217 512	1 399 282	Government bonds
65 000	114 540	136 150	155 159	171 985	192 206	202 217	Treasury bills
–	–	–	–	–	–	–	Bridging bonds
1 956	4 943	23 133	25 524	30 300	31 381	30 586	3) Non-marketable
529 707	705 475	892 721	1 070 939	1 241 134	1 441 099	1 632 085	Gross loan debt
-101 349	-106 550	-111 413	-130 450	-103 774	-120 807	-120 304	4) Cash balances
428 358	598 925	781 308	940 489	1 137 360	1 320 292	1 511 781	Net loan debt
							<b>Foreign debt</b>
97 268	99 454	97 851	116 851	124 555	143 659	166 830	5) Gross loan debt
–	-25 339	-58 750	-67 609	-80 308	-84 497	-94 404	4) Cash balances
97 268	74 115	39 101	49 242	44 247	59 162	72 426	Net loan debt
<b>626 975</b>	<b>804 929</b>	<b>990 572</b>	<b>1 187 790</b>	<b>1 365 689</b>	<b>1 584 758</b>	<b>1 798 915</b>	<b>Gross loan debt</b>
<b>525 626</b>	<b>673 040</b>	<b>820 409</b>	<b>989 731</b>	<b>1 181 607</b>	<b>1 379 454</b>	<b>1 584 207</b>	<b>Net loan debt</b>
							Gold and Foreign Exchange
-101 585	-35 618	-28 283	-67 655	-125 552	-177 913	-203 396	6) Contingency Reserve Account
							<b>Composition of gross debt (excluding deduction of cash balances)</b>
84.2%	87.0%	87.8%	88.0%	88.7%	89.0%	89.0%	Marketable domestic debt
73.8%	72.8%	74.0%	75.0%	76.1%	76.8%	77.8%	Government bonds
10.4%	14.2%	13.7%	13.1%	12.6%	12.1%	11.2%	Treasury bills
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Bridging bonds
0.3%	0.6%	2.3%	2.1%	2.2%	2.0%	1.7%	3) Non-marketable domestic debt
84.5%	87.6%	90.1%	90.2%	90.9%	90.9%	90.7%	Domestic debt
15.5%	12.4%	9.9%	9.8%	9.1%	9.1%	9.3%	5) Foreign debt
							<b>Total as percentage of GDP</b>
19.9%	24.8%	28.6%	31.6%	34.2%	36.5%	38.9%	Gross domestic debt
16.1%	21.1%	25.0%	27.7%	31.3%	33.5%	36.0%	Net domestic debt
3.7%	3.5%	3.1%	3.4%	3.4%	3.6%	4.0%	Gross foreign debt
3.7%	2.6%	1.3%	1.5%	1.2%	1.5%	1.7%	Net foreign debt
23.6%	28.3%	31.7%	35.0%	37.6%	40.2%	42.8%	Gross loan debt
19.8%	23.7%	26.3%	29.2%	32.5%	35.0%	37.7%	Net loan debt

5) Valued at appropriate foreign exchange rates up to 31 March 2025 as at the end of each period. Forward estimates are based on exchange rates prevailing at 31 January 2026, projected to depreciate in line with inflation differentials.

6) The balance on the Gold and Foreign Exchange Contingency Reserve Account on 31 March 2025 represents the actual balance on the account. The forward looking balances are reduced in line with the new GFECRA settlement agreement. A negative balance indicates a profit and a positive balance a loss.

**Table 10**  
**Total debt of government 1)**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>R million</b>							
<b>Domestic debt</b>							
Marketable	1 782 042	1 981 627	2 242 894	2 467 758	2 834 638	3 526 897	3 846 429
<i>Government bonds</i>	1 572 574	1 731 657	1 949 573	2 160 398	2 501 278	3 070 926	3 398 465
<i>Treasury bills</i>	209 468	249 970	293 321	307 360	333 360	455 971	447 964
<i>Bridging bonds</i>	–	–	–	–	–	–	–
Non-marketable 3)	37 322	38 508	29 013	29 228	39 479	16 369	18 930
Gross loan debt	1 819 364	2 020 135	2 271 907	2 496 986	2 874 117	3 543 266	3 865 359
Cash balances 4)	-112 250	-114 262	-123 241	-120 575	-111 693	-239 711	-169 853
Net loan debt	1 707 114	1 909 873	2 148 666	2 376 411	2 762 424	3 303 555	3 695 506
<b>Foreign debt</b>							
Gross loan debt 5)	199 607	212 754	217 811	291 314	387 225	392 434	412 104
Cash balances 4)	-102 083	-114 353	-106 110	-122 542	-151 879	-94 218	-96 507
Net loan debt	97 524	98 401	111 701	168 772	235 346	298 216	315 597
<b>Gross loan debt</b>	<b>2 018 971</b>	<b>2 232 889</b>	<b>2 489 718</b>	<b>2 788 300</b>	<b>3 261 342</b>	<b>3 935 700</b>	<b>4 277 463</b>
<b>Net loan debt</b>	<b>1 804 638</b>	<b>2 008 274</b>	<b>2 260 367</b>	<b>2 545 183</b>	<b>2 997 770</b>	<b>3 601 771</b>	<b>4 011 103</b>
Gold and Foreign Exchange Contingency Reserve Account 6)	-304 653	-231 158	-193 917	-285 829	-436 062	-315 584	-314 283
<b>Composition of gross debt (excluding deduction of cash balances)</b>							
Marketable domestic debt	88.3%	88.7%	90.1%	88.5%	86.9%	89.6%	89.9%
<i>Government bonds</i>	77.9%	77.6%	78.3%	77.5%	76.7%	78.0%	79.5%
<i>Treasury bills</i>	10.4%	11.2%	11.8%	11.0%	10.2%	11.6%	10.5%
<i>Bridging bonds</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-marketable domestic debt 3)	1.8%	1.7%	1.2%	1.0%	1.2%	0.4%	0.4%
Domestic debt 5)	90.1%	90.5%	91.3%	89.6%	88.1%	90.0%	90.4%
Foreign debt	9.9%	9.5%	8.7%	10.4%	11.9%	10.0%	9.6%
<b>Total as percentage of GDP</b>							
Gross domestic debt	40.4%	41.8%	44.2%	46.0%	50.3%	63.1%	61.2%
Net domestic debt	37.9%	39.5%	41.8%	43.8%	48.4%	58.8%	58.5%
Gross foreign debt	4.4%	4.4%	4.2%	5.4%	6.8%	7.0%	6.5%
Net foreign debt	2.2%	2.0%	2.2%	3.1%	4.1%	5.3%	5.0%
Gross loan debt	44.9%	46.2%	48.5%	51.4%	57.1%	70.1%	67.7%
Net loan debt	40.1%	41.6%	44.0%	46.9%	52.5%	64.2%	63.5%

1) Debt of the national government, excluding extra-budgetary institutions and social security funds.

2) Audited outcomes at the end of March 2025.

3) Includes non-marketable Treasury bills, retail bonds, loan levies, former regional authorities and Namibian loans.

4) Bank balances of the National Revenue Fund (balances of government's accounts with the Reserve Bank and commercial banks).

Bank balances in foreign currencies are revaluated using forward estimates of exchange rates.

Source: National Treasury and Reserve Bank

**Table 10**  
**Total debt of government 1)**

2022/23	2023/24	2024/25 <sup>2)</sup>	2025/26	2026/27	2027/28	2028/29	R million
4 185 103	4 639 876	5 061 531	5 460 630	5 671 560	5 904 828	6 158 062	<b>Domestic debt</b>
3 762 487	4 128 672	4 510 965	4 870 481	5 054 511	5 242 579	5 459 913	Marketable
422 616	511 204	550 566	590 149	617 049	662 249	698 149	Government bonds
–	–	–	–	–	–	–	Treasury bills
24 669	27 900	30 280	29 682	29 682	29 682	29 682	Bridging bonds
4 209 771	4 667 776	5 091 811	5 490 312	5 701 242	5 934 510	6 187 744	3) Non-marketable
-120 501	-92 320	-130 671	-108 800	-87 800	-50 000	-50 000	4) Gross loan debt
4 089 271	4 575 456	4 961 140	5 381 512	5 613 442	5 884 510	6 137 744	4) Cash balances
							Net loan debt
555 657	591 623	601 902	628 360	625 161	701 910	756 338	<b>Foreign debt</b>
-128 668	-103 359	-94 371	-95 224	-60 717	-71 302	-56 100	5) Gross loan debt
426 989	488 264	507 531	533 136	564 444	630 608	700 239	4) Cash balances
							Net loan debt
<b>4 765 428</b>	<b>5 259 400</b>	<b>5 693 713</b>	<b>6 118 673</b>	<b>6 326 403</b>	<b>6 636 420</b>	<b>6 944 082</b>	<b>Gross loan debt</b>
<b>4 516 260</b>	<b>5 063 720</b>	<b>5 468 671</b>	<b>5 914 648</b>	<b>6 177 886</b>	<b>6 515 118</b>	<b>6 837 983</b>	<b>Net loan debt</b>
-458 715	-531 989	-363 901	-326 781	-247 781	-247 781	-247 781	6) Gold and Foreign Exchange Contingency Reserve Account
87.8%	88.2%	88.9%	89.2%	89.6%	89.0%	88.7%	<b>Composition of gross debt (excluding deduction of cash balances)</b>
79.0%	78.5%	79.2%	79.6%	79.9%	79.0%	78.6%	Marketable domestic debt
8.9%	9.7%	9.7%	9.6%	9.8%	10.0%	10.1%	Government bonds
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Treasury bills
0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	Bridging bonds
							3) Non-marketable domestic debt
88.3%	88.8%	89.4%	89.7%	90.1%	89.4%	89.1%	Domestic debt
11.7%	11.2%	10.6%	10.3%	9.9%	10.6%	10.9%	5) Foreign debt
62.2%	65.6%	68.8%	70.8%	69.6%	68.9%	68.2%	<b>Total as percentage of GDP</b>
60.4%	64.3%	67.1%	69.4%	68.6%	68.3%	67.6%	Gross domestic debt
8.2%	8.3%	8.1%	8.1%	7.6%	8.1%	8.3%	Net domestic debt
6.3%	6.9%	6.9%	6.9%	6.9%	7.3%	7.7%	Gross foreign debt
70.4%	73.9%	77.0%	78.9%	77.3%	77.0%	76.5%	Net foreign debt
66.7%	71.2%	73.9%	76.3%	75.4%	75.6%	75.3%	Gross loan debt
							Net loan debt

5) Valued at appropriate foreign exchange rates up to 31 March 2025 as at the end of each period. Forward estimates are based on exchange rates prevailing at 31 January 2026, projected to depreciate in line with inflation differentials.

6) The balance on the Gold and Foreign Exchange Contingency Reserve Account on 31 March 2025 represents the actual balance on the account. The forward looking balances are reduced in line with the new GFECRA settlement agreement. A negative balance indicates a profit and a positive balance a loss.

**Table 11**  
**Net loan debt, provisions and contingent liabilities 1)**

R million		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Net loan debt</b>	2)	<b>1 804 638</b>	<b>2 008 274</b>	<b>2 260 367</b>	<b>2 545 183</b>	<b>2 997 770</b>	<b>3 601 771</b>	<b>4 011 103</b>
<b>Provisions</b>	3)	<b>217 960</b>	<b>210 974</b>	<b>211 480</b>	<b>260 682</b>	<b>341 883</b>	<b>371 037</b>	<b>508 720</b>
African Development Bank		54 766	49 344	44 119	53 855	66 509	55 009	122 745
Development Bank of Southern Africa		20 000	20 000	20 000	20 000	20 000	20 000	20 000
Government employee leave credits		13 454	14 137	13 606	13 474	14 137	16 092	13 974
International Bank for Reconstruction and Development		29 028	26 527	23 993	29 287	36 169	30 317	30 382
International Monetary Fund		91 658	79 535	76 358	85 908	111 774	151 740	204 772
Multilateral Investment Guarantee Agency		215	193	173	211	261	216	212
New Development Bank		8 839	21 238	33 231	57 947	93 033	97 663	116 635
<b>Contingent liabilities</b>		<b>601 380</b>	<b>664 197</b>	<b>723 400</b>	<b>828 703</b>	<b>1 056 174</b>	<b>1 067 418</b>	<b>1 058 249</b>
<b>Guarantees</b>	4)	<b>380 136</b>	<b>426 234</b>	<b>459 107</b>	<b>525 568</b>	<b>583 808</b>	<b>569 452</b>	<b>568 928</b>
Agricultural cooperatives		93	93	93	93	93	93	–
Denel		1 850	1 850	2 430	3 430	4 430	3 430	3 538
Development Bank of Southern Africa		4 258	3 993	3 975	4 256	4 653	4 854	5 156
Eskom		174 586	202 825	250 648	285 587	326 868	298 289	313 020
Former regional authorities		98	93	84	77	75	74	74
Guarantee scheme for housing loans to employees		10	8	6	6	6	5	3
Guarantee scheme for motor vehicles – senior officials		1	–	–	–	–	–	–
Industrial Development Corporation of South Africa		243	138	137	147	170	145	130
Independent power producers		113 971	125 766	122 188	146 892	161 427	176 684	165 695
Irrigation boards		39	38	37	36	36	35	35
Komati Basin Water Authority		889	785	619	518	400	367	368
Land Bank		5 211	3 712	3 813	965	2 484	2 446	1 899
Lesotho Highlands Development Authority		62	30	3	–	–	–	–
Nuclear Energy Corporation of South Africa		20	20	20	20	20	20	20
Passenger Rail Agency of South Africa		2	–	–	–	–	–	–
Public-private partnerships		10 337	10 049	9 580	10 464	8 654	8 001	7 900
South African Airways		14 394	17 819	11 059	15 269	17 867	6 749	2 761
South African Express		539	827	867	163	163	20	20
South African National Roads Agency Limited		27 204	29 458	30 368	39 462	38 998	37 378	42 023
South African Post Office		1 270	3 979	400	–	–	–	–
Reserve Bank		–	–	–	–	–	13 726	12 821
Telkom South Africa		128	108	111	124	149	132	123
Trans-Caledon Tunnel Authority		21 173	20 886	18 912	14 302	13 558	13 247	9 585
Transnet		3 757	3 757	3 757	3 757	3 757	3 757	3 757
Universities and technikons		1	–	–	–	–	–	–
<b>Other contingent liabilities</b>	5)	<b>221 244</b>	<b>237 963</b>	<b>264 293</b>	<b>303 135</b>	<b>472 366</b>	<b>497 966</b>	<b>489 321</b>
Claims against government departments		30 601	29 481	31 807	32 945	41 374	44 764	45 576
Export Credit Insurance Corporation of SA Limited		16 395	14 015	18 192	20 454	20 451	16 337	10 623
Government Employees Pension Fund		–	–	–	–	–	–	–
Post-retirement medical assistance		69 938	69 938	69 938	69 938	69 938	69 938	69 938
Road Accident Fund		99 152	119 830	139 204	173 559	332 242	361 750	356 550
Other		5 158	4 699	5 152	6 239	8 361	5 177	6 634

1) Medium-term forecasts of some figures are not available and are kept constant.

2) Debt of the national government, excluding extra-budgetary institutions and social security funds.

3) Provisions are liabilities for which the payment date or amount is uncertain. The provisions for multilateral institutions are the unpaid portion of government's subscription to these institutions, payable on request.

Source: National Treasury

**Table 11**  
**Net loan debt, provisions and contingent liabilities 1)**

2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	R million
<b>4 516 260</b>	<b>5 063 720</b>	<b>5 468 671</b>	<b>5 914 648</b>	<b>6 177 886</b>	<b>6 515 118</b>	<b>6 837 983</b>	<b>2) Net loan debt</b>
<b>612 645</b>	<b>626 475</b>	<b>568 876</b>	<b>519 571</b>	<b>502 737</b>	<b>513 394</b>	<b>522 611</b>	<b>3) Provisions</b>
149 663	160 273	154 650	146 240	141 189	144 388	147 166	African Development Bank
20 000	20 000	20 000	20 000	20 000	20 000	20 000	Development Bank of Southern Africa
13 974	12 558	12 565	12 565	12 565	12 565	12 565	Government employee leave credits
40 115	44 324	42 769	40 453	39 054	39 940	40 704	International Bank for Reconstruction and Development
246 422	236 749	191 673	161 067	155 498	159 022	162 066	International Monetary Fund
259	277	268	253	244	250	255	Multilateral Investment Guarantee Agency
142 212	152 294	146 951	138 993	134 187	137 229	139 855	New Development Bank
<b>1 104 340</b>	<b>1 117 301</b>	<b>1 178 355</b>	<b>1 197 355</b>	<b>1 213 595</b>	<b>1 251 669</b>	<b>1 250 375</b>	<b>Contingent liabilities</b>
627 059	647 574	677 644	701 243	693 966	720 073	699 601	<b>4) Guarantees</b>
-	-	-	-	-	-	-	Agricultural cooperatives
3 446	-	-	-	-	-	-	Denel
5 724	6 131	6 629	7 033	7 027	7 041	7 051	Development Bank of Southern Africa
362 289	356 925	352 595	333 764	280 951	286 998	271 610	Eskom
74	74	74	74	74	74	74	Former regional authorities
2	2	1	1	1	1	1	Guarantee scheme for housing loans to employees
-	-	-	-	-	-	-	Guarantee scheme for motor vehicles – senior officials
148	151	139	135	132	138	142	Industrial Development Corporation of South Africa
187 064	207 101	229 489	244 281	230 103	211 104	189 708	Independent power producers
36	35	35	33	31	29	27	Irrigation boards
371	372	372	372	372	372	372	Komati Basin Water Authority
551	-	-	-	-	-	-	Land Bank
-	-	-	-	-	-	-	Lesotho Highlands Development Authority
20	20	20	20	20	20	20	Nuclear Energy Corporation of South Africa
-	-	-	-	-	-	-	Passenger Rail Agency of South Africa
7 105	6 826	4 857	3 323	2 413	1 425	1 195	Public-private partnerships
157	110	332	-	-	-	-	South African Airways
-	-	-	-	-	-	-	South African Express
38 174	28 942	23 426	18 774	21 274	26 274	33 274	South African National Roads Agency Limited
-	-	-	-	-	-	-	South African Post Office
9 295	7 750	4 936	227	140	53	34	Reserve Bank
99	-	-	-	-	-	-	Telkom South Africa
8 747	7 894	10 357	14 623	14 646	13 762	13 311	Trans-Caledon Tunnel Authority
3 757	25 241	44 383	78 582	136 782	172 782	182 782	Transnet
-	-	-	-	-	-	-	Universities and technikons
477 281	469 728	500 711	496 112	519 630	531 596	550 774	<b>5) Other contingent liabilities</b>
38 021	37 871	39 325	39 325	39 325	39 325	39 325	Claims against government departments
5 470	1 278	-1 419	-	-	-	-	Export Credit Insurance Corporation of SA Limited
-	-	-	-	-	-	-	Government Employees Pension Fund
69 938	69 938	85 482	85 482	85 482	85 482	85 482	Post-retirement medical assistance
354 970	352 721	363 858	357 840	381 358	393 324	412 502	Road Accident Fund
8 882	7 920	13 465	13 465	13 465	13 465	13 465	Other

4) Amounts drawn against financial guarantees, inclusive of revaluation adjustments on inflation-linked bonds and accrued interest. Numbers prior to 2018/19 exclude revaluation adjustment on inflation-linked bonds.

5) Other contingent liabilities as disclosed in the consolidated financial statements of departments published annually by the National Treasury.

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