2026 Budget
WINDS OF CHANGE

28 OCTOBER 2026

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FROM HEADWINDS TO TAILWINDS

The 2026 Medium Term Budget Policy Statement comes at a pivotal moment for South Africa's economy.



JOINT FINANCE COMMITTEE HEARINGS

SAICA COMMENTS ON THE 2026 MEDIUM-TERM BUDGET POLICY STATEMENT

POINTS FOR CONSIDERATION

- Meaningful public participation
- Economic growth outlook
- Debt
- Fiscal governance

MEANINGFUL PUBLIC PARTICIPATION

Meaningful opportunity, not merely an invitation

CONSTITUTIONAL COURT OF SOUTH AFRICA

Premier of the Western Cape Government and Another v Speaker of the National Assembly and Others; City of Cape Town and Others v Speaker of the National Assembly and Others

CCT 103/25 and 144/25
Date of judgment: 17 September 2026

The effective scrutiny window began only when the underlying documents were published.



1 Oct	21 Oct 14:00	26 Oct 12:00	28 Oct
Call for submissions	Documents released	Submissions due	Public hearings

< 3 working days To analyse complex fiscal package and prepare a submission

Public Participation Framework for the South African Legislative Sector

5–6 weeks' notice of the hearing + pre-education workshop 1 week before.

MEANINGFUL PUBLIC PARTICIPATION

Move from procedural compliance to an informed fiscal dialogue

2026 MTBPS

→ Call issued 1 October.

→ MTBPS documents followed on 21 October at 14:00.

→ Submissions due 26 October at 12:00.

→ Hearings on 28 October.

SAICA CONCERNS

→ Meaningful participation requires timeous access to underlying documents.

→ Less than 3 working days to analyse the package, test assumptions and prepare evidence.

→ 1 day for Parliament to scrutinise submissions before hearings and meaningfully engage the public.

RECOMMENDATION

→ Seek Parliamentary Legal Advisor's advice on reasonableness and compliance with the framework.

→ Update framework to publish documents with the notice, targeting at least 30 days before hearings.

→ Allow at least 7 days between public submissions and hearings.

Precarious stabilisation

2026 Budget versus MTBPS – Q2 indicators

REAL GDP GROWTH	DEBT / GDP	BORROWING	DEBT-SERVICE	PRIMARY SURPLUS
1.6% → 1.2%	77.3% → 78.4%	R380bn → R434.2bn	R432.4bn→ R441.5bn	R31bn → R77bn
DOWN 0.4 pp	UP 1.1 pp	UP R54.2bn	UP R9.1bn	IMPROVED

"The 2026 MTBPS mistakes government's budget surplus and a recently improved risk premium for economic resilience"

PBO
PARLIAMENTARY
BUDGET OFFICE

What the indicators mean

- The primary surplus is stronger.
- Debt, borrowing, debt-service costs and expenditure pressures have increased.
- Stronger primary balance has not yet translated into secure fiscal resilience.

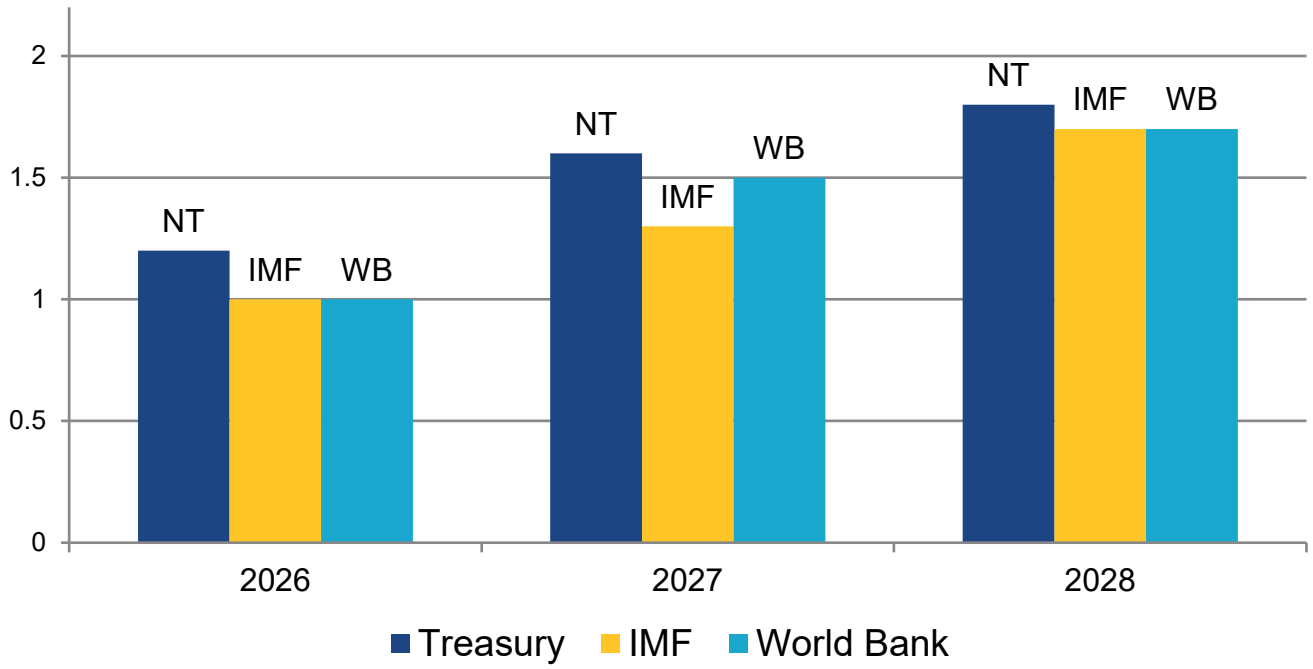
RECOMMENDATION

Assess sustainability with expenditure quality, implementation and distributional consequences, not headline balances alone.

GROWTH OUTLOOK

Treasury's revised growth remains comparatively optimistic

Real GDP growth forecast (%)



TREASURY POSITION

→ 1.2% growth in 2026

→ 2.0% by 2029

→ Structural reforms in energy, rail and tourism are removing barriers to growth.

SAICA CONCERNS

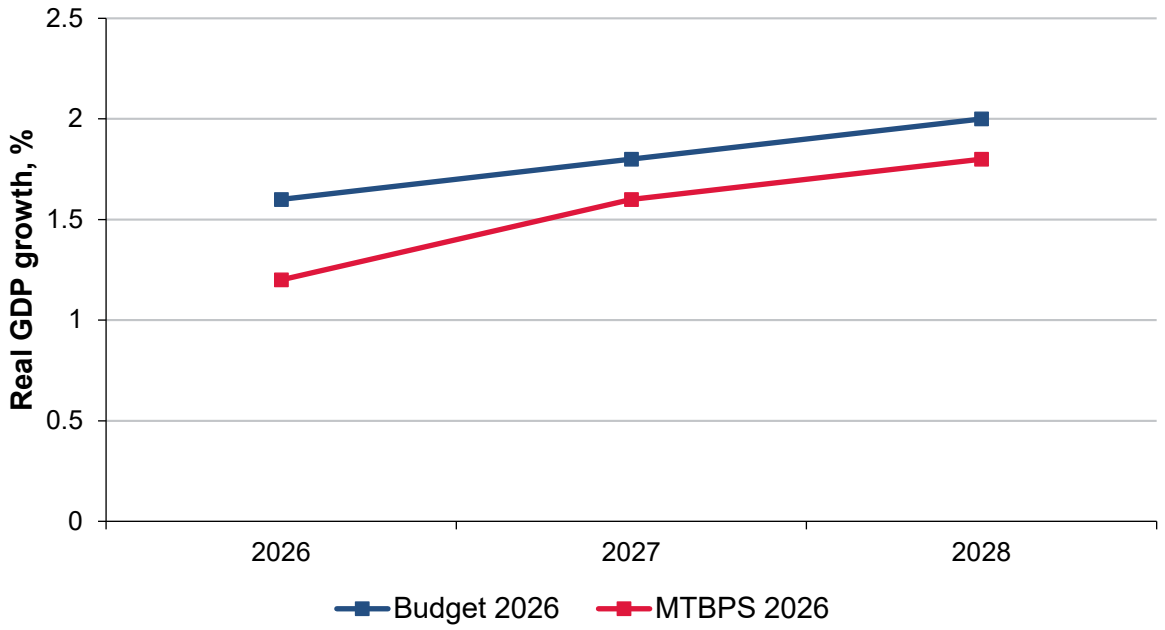
→ 2026 forecast cut from 1.6% to 1.2%.

→ IMF and World Bank lower than Treasury.

→ SAICA's MTBPS 2025 submission range of 1.2%–1.4% proved closer to the revised 2026 outcome.

Growth recovery depends on delivery, not approvals

Forecasts improve after 2026; private investment remains weak



Investment reality check

PRIVATE INVESTMENT
−1.1%
JAN TO JUNE 2026

PUBLIC INVESTMENT
+5.2%
JAN TO JUNE 2026

Approvals and allocations are not the same as completed infrastructure or productive capacity.

Core risk: the forecast acceleration relies on investment and exports improving while consumption moderates.

Domestic service failures amplify global risks

Growth, inflation and household resilience are exposed on several fronts

MUNICIPAL SERVICES

2,860 Johannesburg electricity outage reports in 2026; water interruptions and high losses constrain activity.

WATER & ENERGY

Higher energy prices weaken purchasing power, raise operating costs and threaten the inflation outlook.

As does water supply instability.

EMPLOYMENT

Official unemployment reached 32.6%; LU3 was 43.6% in Q2 2026.

GLOBAL SHOCKS

Conflict, trade disruption and tighter financial conditions can erode revenue gains and raise costs.

Fiscal position has improved, but remains fragile

DISCIPLINE

Primary surplus maintained

Progress is welcome, but it does not by itself establish debt sustainability.

GROWTH

2026 GDP forecast cut

Real growth is revised from 1.6% to 1.2%, with infrastructure and investment constraints unresolved.

RESILIENCE

Buffers remain thin

Higher borrowing and debt-service costs reduce capacity to absorb domestic and global shocks.

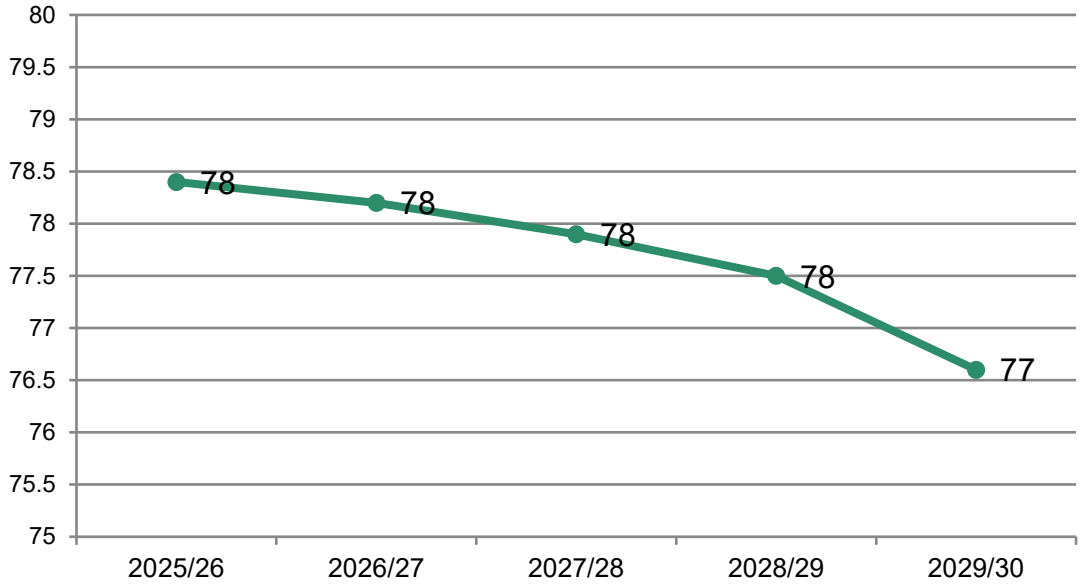
RECOMMENDATION

Priority: turn fragile stabilisation into durable fiscal space by resisting the pressure to increase structural spending on short term revenue gains

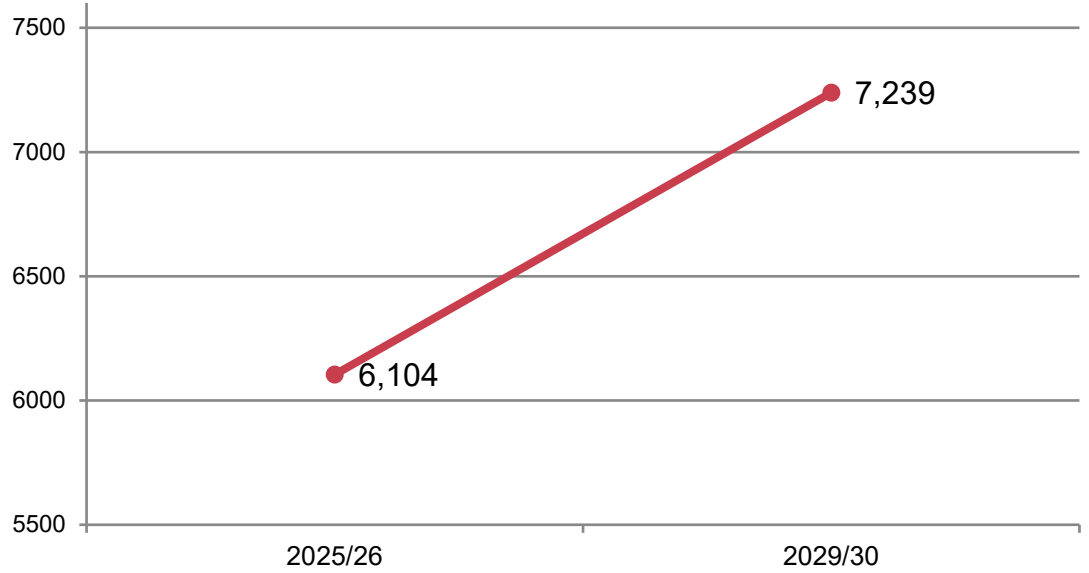
Projected debt stabilisation

Not the same as debt sustainability

The projected growth ratio eases gradually while nominal debt and servicing costs continue to rise



Projected debt ratio: gradual decline



Nominal debt: +≈R1.13 trillion

Debt-service costs projected to reach R509.3bn in 2029/30.

DEBT & BORROWING

Debt sustainability needs a “north star” robust to shocks

TREASURY POSITION

→ Debt “stabilised” in 2025/26 and begins to decline.

→ Primary surpluses will reduce borrowing needs and debt-service costs.

SAICA CONCERNS

→ Baseline ratio stabilisation has not occurred yet and is not the same as a durable sustainable debt position.

→ Nominal debt and debt-service costs continue rising

→ Outcomes are sensitive to growth, rates and shocks.

RECOMMENDATION

→ Welcome the fiscal anchor.

→ Set practical measures and a numerical debt ‘north star’, analogous to the inflation target.

→ Disclose assumptions and alternative shock paths.

FISCAL GOVERNANCE

Welcomed interventions and tenacity to continue



*"**In June**, after extensive engagement, I suspended the next equitable share transfer to **69** municipalities that persistently failed to pay all creditors.*

*"**This decision, taken under Section 216 (2) of the Constitution** and the Municipal Finance Management Act (MFMA), is not punitive. It is corrective. It is designed to instill fiscal discipline, protect public money, and ensure that municipalities comply with the law."*



*"**By the end of July**, **37** of them had concluded council-approved repayment plans, and **R4.2 billion had been paid to creditors**."*

*"**We have been doing it every year, but on a smaller scale…** Every year we are fighting with municipalities"*

SAICA FULLY SUPPORTS THE MINISTER

FISCAL GOVERNANCE

Non-payment is an intergovernmental chain, not only a municipal, problem

69 municipalities had July 2026 transfers withheld

R27.6bn public bodies owe municipalities

≈R15bn of this owed by provincial departments

R185.2bn municipal creditor balances at June 2026

R484.5bn municipal consumer debt at June 2026



- Municipal financial distress cannot be assessed in isolation.
- Municipalities owe creditors, **but** municipalities are themselves owed substantial amounts by consumers and other public bodies.
- Where provincial or national entities do not settle amounts due, the resulting cash-flow pressure can weaken a municipality's capacity to pay water boards and other service providers.
- The accountability framework should therefore address the full payment chain and not only the final municipal debtor.

RECOMMENDATION

Fiscal discipline must apply symmetrically across national, provincial and local government.

FISCAL GOVERNANCE

Fix the payment chain and make controls measurable

TREASURY POSITION

→ Withhold transfers to enforce municipal fiscal discipline.

→ Payroll verification identified 4,323 high-risk cases.

→ Online verification ran 15 June–15 August 2026; consolidated findings expected in Budget 2027.

SAICA CONCERNS

→ Municipal distress is transmitted through debts owed by other organs of state.

→ Withholding grants for local govt does not resolve the intergovernmental payment chain.

→ Controls should produce transparent, reportable outcomes.

→ No clear and consistent indicators for when Minister will apply intervention

RECOMMENDATION

→ Create an intergovernmental debt-reconciliation and settlement mechanism across all spheres.

→ Apply fiscal accountability beyond local government and consequence management

→ For payroll controls, disclose responsible institution, implementation date and reporting mechanism.

PAYMENT DISCIPLINE → **SERVICE DELIVERY** → **FISCAL CREDIBILITY**

SUMMARY OF SAICA'S CORE REQUEST

Credibility requires better forecasts, evidence, implementation and accountability

Public participation	Enough time and documents for informed scrutiny	≥30 days target; ≥7 days between submission and hearing
Growth	Forecasts linked to realised infrastructure and private investment	Track delivery and actual capital formation
Debt	Sustainability robust to shocks	Numerical fiscal-anchor "north star" + shock paths
Fiscal governance	Symmetric accountability across spheres	Intergovernmental debt settlement + measurable payroll controls

From fragile stabilisation → durable fiscal resilience

THANK YOU

#DIFFERENCE MAKERS

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