



STATEMENT

MTBPS must deliver decent employment for all

15 October 2026

Ahead of the 2026 Medium Term Budget Policy Statement (MTBPS), the Institute for Economic Justice (IEJ) is calling for a decisive shift from spending restraint towards a coordinated set of macroeconomic policies that seek to create decent jobs, rebuild industrial capacity, and strengthen public services provision.

The latest IEJ briefing note, *Coordinated macroeconomic policy for an uncertain world: A preview of the 2026 MTBPS*, shows that during the period of fiscal consolidation (between 2013 and 2025), South Africa's economy only grew by an annual average of 0.9%, while unemployment rose from 36.1% in early 2013 to 43.8% in 2026. These consistently poor outcomes demand a reassessment of South Africa's fiscal strategy.

While the National Treasury will claim in the MTBPS that its fiscal strategy of ever-increasing primary surpluses is yielding results, the IEJ's briefing note shows otherwise. In narrow terms, borrowing costs have hardly fallen, and the debt-to-GDP ratio is unlikely to have stabilised by the target date of 2027/2028. This is underpinned by weak economic growth, hampered by the prevailing fiscal policy strategy, and made more difficult in the current external environment of recurring crises. More broadly, the fiscal strategy to achieve debt stabilisation through fiscal consolidation is insufficiently geared towards achieving sustainable and inclusive growth through structural transformation.

"Achieving a primary surplus is a fiscal milestone, but it is not a measure of whether people's lives are improving. A budget strategy must be judged by whether it advances structural transformation, creates decent jobs and care infrastructure, strengthens public services, responds to climate catastrophes, and builds sustainable productive capacities," says the IEJ's Liso Mduyana.

The IEJ argues that reforms in electricity and freight are essential, but must be oriented towards decreasing service fees and be accompanied by sustainable industrial development in order to

meaningfully impact growth, improve livelihoods, and structurally lower the cost of capital. For instance, reliance on raw commodity exports and imported fuel and key food inputs leaves South Africa vulnerable to global price volatilities, climate catastrophes, recurring crises, and geopolitical fragmentation. Rising costs of basic services further squeeze household spending and industrial production. The impact of these is felt by all households, but mostly by the poor and vulnerable, especially those headed by women.

The briefing note calls for the MTBPS to:

- **Strengthen resilience and policy coordination:** Align fiscal, monetary, and industrial policy around decent employment and investment acceleration, supported by strategic fuel reserves, food buffer stocks, adequate care infrastructure, and tools to manage financial volatility.
- **Support industrial development:** Use public procurement, targeted incentives, skills development, and affordable finance to expand local manufacturing, beneficiation, agro-processing, and renewable energy value chains.
- **Rebuild public services, care infrastructure, and social protection:** Resource education, healthcare, social assistance, and free basic services adequately. Underfunding these sectors weakens long-term development and shifts the burden of unpaid care responsibilities onto women, compromising their full, meaningful, and equal participation in the economy and all aspects of social life.
- **Mobilise resources fairly:** Pursue progressive taxes on wealth, mineral resources, and speculative financial transactions; strengthen South African Revenue Services (SARS); support fairer international tax rules, addressing illicit financial flows and profit-shifting; and expand domestic financing options through fiscal and monetary policies, and leverage development finance institutions, for a worker-centred climate response and energy transition.

“Lower government borrowing costs alone will not revive investment. Businesses, particularly small, medium, and micro enterprises, need reliable demand, affordable productive finance, and functioning infrastructure. The National Treasury and the Reserve Bank must work together to support decent employment and sustainable industrial development while reducing South Africa’s exposure to recurring and overlapping global crises,” says IEJ’s Dr Mzwanele Ntshwanti.

Budget reforms, including the Targeted and Responsible Savings (TARS) initiative and proposed fiscal anchor, must improve transparency and spending effectiveness without entrenching underfunding and binding floors or restrictions on the constitutional mandate to advance socioeconomic development. The MTBPS should lay the groundwork for an economy that delivers sustainable livelihoods and socioeconomic rights.

[ENDS]

Media enquiries:

Given Sigauqwe | given.sigauqwe@iej.org.za | [073 988 2870](tel:0739882870)