

MEDIA RELEASE Budget speech not inspiring for public sector

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The PSA is disappointed that the 2026 Budget, tabled by the Minister of Finance in Parliament on 25 February 2026, continues with unilateral austerity measures aimed at public servants.

Whilst fiscal stabilisation, debt containment and improved revenue performance were highlighted, the real test of the Budget lies in its impact on workers, the unemployed, and the poor. The PSA acknowledges government's efforts to stabilise public debt and narrow the deficit. The continued emphasis on containing the public service wage bill, however, raises serious concerns. Workers cannot continue to carry the burden of fiscal consolidation whilst facing rising living costs, escalating fuel prices, and increasing municipal tariffs.

The increase in fuel levies, excise duties, and carbon levies will place additional pressure on working-class households. Inflation-linked adjustments do not remove the reality that workers will pay more for transport, food, and essential goods.

Whilst the PSA welcomes the increases in social grants, including old-age and disability grants, these adjustments remain modest in the context of rising living costs. The continuation of the Social Relief of Distress grant is critical, but government must move decisively towards making it a permanent basic-income support mechanism. With unemployment still at crisis levels, social protection must not be viewed as an expense, but as an investment in social stability and economic participation.

The PSA further notes allocations to basic education, health, and infrastructure, including over R1 trillion in public-sector infrastructure spending over the medium term. Investment in transport, water, and energy infrastructure is essential for economic growth and job creation. The PSA is, however, concerned about the scaling down of the Public Transport Network grant, continued financial distress in municipalities, and the reduction of programmes under the guise of targeted savings, which might be construed as services that are cut and might result in job losses.

The commitment to "contain the wage bill" sends a worrying signal to public servants who are already under strained in hospitals, schools, policing, and frontline services. South Africa does not have too many public servants - it has too few in critical-service areas. The PSA urges government to engage labour meaningfully and avoid unilateral austerity measures.



Whilst the PSA supports intensified efforts to combat illicit trade and strengthen revenue collection, protecting jobs and legitimate industries is crucial. Enforcement must be matched with industrial policy that protects local manufacturing and decent work.

The projected economic growth of 1.6% in 2026 is far too low to address unemployment and inequality. Structural reforms must be prioritised with skills development linked to real job opportunities and stronger localisation policies. Growth without decent job creation will not address poverty.

The 2026 Budget reflects fiscal caution and macroeconomic stabilisation. However, it falls short of a bold, transformative plan to address unemployment and inequality at the required scale. The PSA reiterates that austerity should not result in wage suppression. Government should expand public services, strengthen social protection, and place workers and the unemployed at the centre of the economic policy in shaping a truly inclusive economic recovery for South Africa.

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