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MEDIUM-TERM BUDGET

Fuel levy relief offers breathing room as consumers face mounting pressure

BUSINESS

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SOUTH African households are unlikely to feel the full benefits of improved government revenue and stabilising public debt immediately, despite temporary fuel levy relief announced in the 2026 Medium-Term Budget Policy Statement (MTBPS), according to financial experts.

Neil Roets, chief executive of Debt Rescue, said the mini budget contained encouraging signals for consumers, but many households continued to face significant financial pressure from high living-costs, debt repayments and weak economic growth.

Roets welcomed the temporary fuel levy reductions, which will lower the levy on petrol by R1.50 per litre and diesel by R3 per litre from November 4 until December 1. The relief will then continue at a reduced level until January 5, 2027.

He said the intervention could help ease transport and distribution costs, which contribute to the prices consumers pay for essential goods.

However, Roets cautioned that positive fiscal indicators should not be confused with an immediate improvement in household finances.

Gross tax revenue for the 2026/27 financial year has been revised upwards by R17.1 billion, while National Treasury reported that government debt stabilised at 78.4% of gross domestic product (GDP) in 2025/26.

"These are important developments, but consumers are unlikely to feel their benefit immediately, and they should not be mistaken for an improvement in household finances," Roets said.

Slower growth a concern

Economic growth remains a concern, with the forecast revised down to 1.2% for 2026.

Roets said slower growth could constrain job creation, income growth and the ability of households to recover from prolonged financial pressure.

Roets said protecting spending on health, education and social protection was positive, particularly for vulnerable households, but the real test would be whether these commitments translated into better public services and measurable improvements in people's daily lives.

"The fuel levy relief is one measure consumers should feel relatively quickly," he said.

"Beyond that, however, households need to see these broader fiscal improvements translate into stronger growth, more sustainable employment, reliable public services and genuine relief in the cost of living before we can say that conditions are meaningfully improving."

Consumers encouraged to conduct their own budget review

Hayley Parry, money coach and facilitator at 1Life's Truth About Money, said the MTBPS also provided an opportunity for South Africans to review their personal finances and consider how they could strengthen their financial resilience.

Parry said many of the principles government was applying to public finances, including managing debt, spending responsibly and prioritising essential expenditure, could also be applied to household budgets.

She said the temporary fuel levy reductions could provide some breathing room for consumers, but encouraged households to consider using any savings to improve their financial position rather than increasing discretionary spending.



TEMPORARY fuel levy cuts offer some relief for South African households, but experts warn that high living costs, expensive debt and sluggish economic growth continue to strain family budgets. | ChatGPT

For families already struggling to cover essential expenses, the relief may simply make it easier to get through the month. Those with some flexibility, however, could use part of the saving to pay down debt or build a financial buffer.

The temporary nature of the intervention makes planning particularly important, as the reductions will be scaled back in December before ending in January.

Parry said the announcement was a reminder that households should regularly assess their income, spending and financial commitments.

Managing debt remains a priority

One of the key lessons from the MTBPS, Parry said, was the importance of managing debt and ensuring that borrowing costs did not crowd out other financial priorities.

For households, expensive credit such as credit cards and personal loans can absorb a substantial portion of monthly income, leaving less money available for savings, emergencies and essential expenses.

Reducing high interest debt can lower the amount paid in interest over time and free up income for other priorities.

Parry said understanding exactly how much money comes in and where it goes was an important starting point, even when rising living costs left little room for adjustments. "Spend less than you earn" remains a fundamental principle of personal finance, she said, although achieving this can be difficult for households facing persistent cost of living pressures.

Parry encouraged consumers to prioritise essential expenses, review recurring payments, tackle expensive debt and start building an emergency fund where their circumstances allow.

While households cannot determine government spending priorities or influence global oil prices, reviewing a household budget, reducing expensive debt and making deliberate spending decisions can help create greater financial flexibility.

With the cost of living continuing to strain household finances, the message from both experts is that temporary relief can help, but lasting financial resilience will require a combination of broader economic improvement and careful household money management.

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