

# #RSABUDGET2023

# 2023/24 HIGHLIGHTS

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## BUDGET FRAMEWORK

- Government will achieve a main budget primary surplus in 2022/23. Main budget non-interest expenditure will grow, on average, slightly above consumer price index inflation in the outer two years of the medium-term expenditure framework period.
- The consolidated budget deficit will decline from 4.6 per cent of GDP in 2021/22 to 4.2 per cent of GDP in 2022/23, reaching 3.2 per cent of GDP in 2025/26.
- The Eskom debt relief, amounting to R254 billion, will require a step change in public debt which will result in government debt stabilising at 73.6 per cent of GDP in 2025/26, later and at a higher level than in the 2022 Medium Term Budget Policy Statements.
- Servicing debt requires an increasing share government's available resources. Debt-service costs as a per cent of main budget revenue will increase from 18 per cent in 2022/23 to 19.8 per cent in 2025/26 and is expected to average R366.8 billion a year over the medium term.

## SPENDING PROGRAMMES

- Total consolidated government spending will amount to R7.08 trillion over the next three years, of which 51 per cent or R3.6 trillion is allocated for the social wage.
- The 2023 Budget allocates additional funding totalling R227 billion over the next three years. The additional funds are mainly to extend the COVID-19 social relief of distress grant until 31 March 2024, improve investment in local and provincial government infrastructure, and support safety and security, education and health services.
- The learning and culture function is allocated R1.43 trillion over the next three years – the largest proportion (24 per cent) of total allocated spending.
- Community development is the fastest growing function, averaging 8 per cent annually over the medium term, mainly due to the allocation of additional funds for the local government equitable share and for infrastructure.

## TAX PROPOSALS

- Government proposes tax relief totalling R13 billion in 2023/24 to support the clean energy transition, increase the electricity supply and limit the impact of consistently high fuel prices.
- R4 billion in relief is provided for individuals that install solar panels, and R5 billion to companies through an expansion of the renewable energy tax incentive.
- Inflation-related adjustments to the personal income tax tables, the retirement tax tables, and transfer duties are provided.
- Excise duties on alcohol and tobacco will increase in line with expected inflation of 4.9 per cent. The rate for sparkling wine is pegged at 3.2 times that of natural unfortified wine.
- As in the 2022 Budget, government again proposes no changes to the general fuel levy or the Road Accident Fund levy.
- To limit the impact of the energy crisis on food prices, the diesel fuel levy refund will be extended to manufacturers of foodstuffs for a period of 2 years, from 1 April 2023 until 31 March 2025.

## TAX REVENUE, 2023/24

**R640.3 bn** Personal income tax

**R471.5 bn** VAT

**R336.1 bn** Corporate income tax

**R137.9 bn** Customs and excise duties

**R90.4 bn** Fuel levies

**R111.3 bn** Other

## MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2022	2023	2024	2025
	Estimate	Forecast		
Household consumption	2.8	1.0	1.5	1.8
Capital formation	4.2	1.3	3.8	3.5
Exports	8.8	1.0	2.2	2.9
Imports	14.0	1.1	2.3	2.9
<b>Gross domestic product</b>	<b>2.5</b>	<b>0.9</b>	<b>1.5</b>	<b>1.8</b>
Consumer price inflation (CPI)	6.9	5.3	4.9	4.7
Current account balance (% of GDP)	-0.4	-1.8	-2.0	-2.1

## CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2022/23	2023/24	2024/25	2025/26
	Revised estimate	Medium-term estimates		
<b>Revenue</b>	<b>1 892.7</b>	<b>1 958.9</b>	<b>2 077.8</b>	<b>2 225.3</b>
	28.5%	28.0%	27.9%	28.0%
<b>Expenditure</b>	<b>2 168.8</b>	<b>2 242.6</b>	<b>2 359.7</b>	<b>2 477.4</b>
	32.6%	32.0%	31.7%	31.2%
<b>Budget balance</b>	<b>-276.1</b>	<b>-283.7</b>	<b>-282.0</b>	<b>-252.1</b>
	-4.2%	-4.0%	-3.8%	-3.2%
<b>Gross domestic product</b>	<b>6 651.3</b>	<b>7 005.7</b>	<b>7 452.4</b>	<b>7 938.5</b>

## CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION

R billion	2022/23	2023/24	2024/25	2025/26	2022/23–2025/26
	Revised estimate	Medium-term estimates			Average growth
Learning and culture	446.7	457.1	476.5	497.3	3.6%
Health	259.4	259.2	268.9	281.3	2.7%
Social development	357.8	378.5	361.3	357.0	-0.1%
Community development	230.0	259.7	276.2	289.9	8.0%
Economic development	221.8	237.6	259.3	277.1	7.7%
Peace and security	227.8	227.3	236.3	247.4	2.8%
General public services	71.7	73.6	74.1	76.9	2.3%
Payments for financial assets	46.3	4.1	3.6	3.9	
<b>Allocated expenditure</b>	<b>1 861.6</b>	<b>1 897.1</b>	<b>1 956.2</b>	<b>2 030.8</b>	<b>2.9%</b>
Debt-service costs	307.2	340.5	362.8	397.1	8.9%
Contingency reserve	–	5.0	5.0	5.0	
Unallocated reserve	–	–	35.7	44.5	
<b>Consolidated expenditure</b>	<b>2 168.8</b>	<b>2 242.6</b>	<b>2 359.7</b>	<b>2 477.4</b>	<b>4.5%</b>

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# 2023/24 EXPENDITURE

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CONSOLIDATED  
GOVERNMENT  
EXPENDITURE

**R2.24 TRILLION**



**R1.35 TRILLION**

SOCIAL  
SERVICES



**R237.6 bn**

ECONOMIC  
DEVELOPMENT

Economic regulation and infrastructure	<b>R124.9 bn</b>
Industrialisation and exports	<b>R40.5 bn</b>
Agriculture and rural development	<b>R27.8 bn</b>
Job creation and labour affairs	<b>R24.6 bn</b>
Innovation, science and technology	<b>R19.8 bn</b>

Basic education	<b>R293.7 bn</b>
National Student Financial Aid Scheme	<b>R50.1 bn</b>
University transfers	<b>R45.1 bn</b>
Skills development levy institutions	<b>R24.3 bn</b>
Education administration	<b>R18.5 bn</b>
Technical & vocational education and training	<b>R13.3 bn</b>



**R457.1 bn**

LEARNING  
AND CULTURE



**R227.3 bn**

PEACE AND  
SECURITY

Police services	<b>R112.1 bn</b>
Defence and state security	<b>R52.7 bn</b>
Law courts and prisons	<b>R51.4 bn</b>
Home affairs	<b>R11.1 bn</b>

District health services	<b>R113.1 bn</b>
Central hospital services	<b>R48.6 bn</b>
Other health services	<b>R46.1 bn</b>
Provincial hospital services	<b>R40.2 bn</b>
Facilities management and maintenance	<b>R11.3 bn</b>



**R259.2 bn**

HEALTH



**R73.6 bn**

GENERAL PUBLIC  
SERVICES

Public administration and fiscal affairs	<b>R48.4 bn</b>
Executive and legislative organs	<b>R16.8 bn</b>
External affairs	<b>R8.4 bn</b>

Municipal equitable share	<b>R96.5 bn</b>
Human settlements, water and electrification programmes	<b>R61.7 bn</b>
Public transport	<b>R53.2 bn</b>
Other human settlements and municipal infrastructure	<b>R48.2 bn</b>



**R259.7 bn**

COMMUNITY  
DEVELOPMENT



**R340.5 bn**

DEBT-SERVICE COSTS

Old-age grant	<b>R99.1 bn</b>
Social security funds	<b>R92.4 bn</b>
Child-support grant	<b>R81.9 bn</b>
Other grants	<b>R72.9 bn</b>
Provincial social development	<b>R21.4 bn</b>
Policy oversight and grant administration	<b>R10.9 bn</b>



**R378.5 bn**

SOCIAL  
DEVELOPMENT



**R5.0 bn**

CONTINGENCY RESERVE