



2025 Budget 2025/26 HIGHLIGHTS

BUDGET FRAMEWORK

- Investing in strategic infrastructure, supporting job creation and maintaining a growth-friendly fiscal policy will underpin government policy over the medium term.
- The fiscal strategy remains on course. It blends spending restraint with a significant revenue increase, while ensuring continued support for the social wage and securing additional funding for infrastructure investment and essential services.
- The consolidated budget deficit narrows from 5 per cent of GDP in 2024/25 to 3.4 per cent of GDP in 2027/28.
- Government will achieve a longstanding ambition to stabilise debt next year through the strengthening primary surplus.
- Debt-service costs, which consume 22 cents of every rand of revenue, will stabilise in the current year.

SPENDING PLANS

- Consolidated government spending increases at an annual average of 5.8 per cent, from R2.4 trillion in 2024/25 to R2.84 trillion in 2027/28.
- Over the medium term, economic development is the fastest-growing function at an annual average of 8.1 per cent, driven by higher allocations to infrastructure projects.
- Spending is highly redistributive, with the social wage making up an average of 61 per cent of total non-interest spending over the next three years.
- The 2025 Budget funds spending pressures of R252.6 billion over the medium-term expenditure framework (MTEF) period, including provisional allocations for frontline service delivery departments amounting to R75.6 billion.
- Additional funding of R46.7 billion is made available for infrastructure investments, while R23.4 billion is made available for the 2025 public-service wage agreement, which secures certainty for the fiscus for the next three years.

TAX PROPOSALS

- Tax policy proposals are designed to raise R58 billion in additional revenue in 2025/26.
- Government proposes to increase the value-added tax (VAT) rate by 2 percentage points to 17 per cent.
- To provide relief to poor households, government proposes above-inflation increases in social grants, additional VAT zero rating of essential food items and no changes to the fuel levy.

TAX REVENUE, 2025/26

R801.5 bn Personal income tax

R545.4 bn VAT

R325.0 bn Corporate income tax

R154.4 bn Customs and excise duties

R87.7 bn Fuel levies

R118.0 bn Other

MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2024	2025	2026	2027
	Estimate	Forecast		
Household consumption	1.0	1.9	1.6	1.6
Capital formation	-3.6	5.0	5.2	3.8
Exports	-2.8	3.4	3.1	3.0
Imports	-5.3	5.4	3.1	2.7
Real GDP growth	0.8	1.9	1.7	1.9
Consumer price inflation (CPI)	4.4	4.5	4.6	4.4
Current account balance (% of GDP)	-1.6	-2.2	-2.3	-2.4

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2024/25	2025/26	2026/27	2027/28
	Revised estimate	Medium-term estimates		
Revenue	2 026.6	2 247.7	2 389.9	2 534.2
	27.1%	28.1%	28.0%	27.9%
Expenditure	2 404.0	2 600.8	2 713.2	2 844.7
	32.1%	32.5%	31.8%	31.3%
Budget balance	-377.3	-353.1	-323.4	-310.5
	-5.0%	-4.4%	-3.8%	-3.4%
Gross domestic product	7 477.9	8 003.8	8 520.4	9 083.2

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION

R billion	2024/25	2025/26	2026/27	2027/28	2024/25–2027/28
	Revised estimate	Medium-term estimates			Average growth
Learning and culture	482.3	508.7	536.4	562.4	5.3%
Health	277.2	298.9	313.7	328.9	5.9%
Social development	397.0	427.0	445.9	458.3	4.9%
Community development	267.8	286.6	293.5	305.6	4.5%
Economic development	252.4	289.8	297.8	318.4	8.1%
Peace and security	250.4	267.6	279.2	288.8	4.9%
General public services	77.1	78.7	81.1	84.2	3.0%
Payments for financial assets	10.2	11.4	7.2	5.9	
Allocated expenditure	2 014.4	2 168.7	2 254.6	2 352.5	5.3%
Debt-service costs	389.6	424.2	448.6	477.2	7.0%
Contingency reserve	–	8.0	10.0	15.0	
Consolidated expenditure	2 404.0	2 600.8	2 713.2	2 844.7	5.8%

2025 Budget 2025/26 EXPENDITURE

CONSOLIDATED GOVERNMENT EXPENDITURE

R2.60 TRILLION

R1.52 TRILLION

SOCIAL SERVICES



R289.8 bn

ECONOMIC DEVELOPMENT

Economic regulation and infrastructure	R175.7 bn
Industrialisation and exports	R40.8 bn
Agriculture and rural development	R29.4 bn
Job creation and labour affairs	R23.7 bn
Innovation, science and technology	R20.2 bn

Basic education	R332.3 bn
National Student Financial Aid Scheme	R55.4 bn
University transfers	R48.4 bn
Skills development levy institutions	R27.9 bn
Education administration	R21.6 bn
Technical & vocational education and training	R14.2 bn



R508.7 bn
LEARNING AND CULTURE



R267.6 bn

PEACE AND SECURITY

Police services	R133.4 bn
Defence and state security	R60.8 bn
Law courts and prisons	R58.1 bn
Home affairs	R15.4 bn

District health services	R132.1 bn
Central hospital services	R58.3 bn
Provincial hospital services	R49.0 bn
Other health services	R47.5 bn
Facilities management and maintenance	R11.9 bn



R298.9 bn
HEALTH



R78.7 bn

GENERAL PUBLIC SERVICES

Public administration and fiscal affairs	R51.7 bn
Executive and legislative organs	R17.8 bn
External affairs	R9.1 bn

Municipal equitable share	R106.1 bn
Public transport	R67.7 bn
Human settlements, water and electrification programmes	R58.0 bn
Other human settlements and municipal infrastructure	R54.8 bn



R286.6 bn
COMMUNITY DEVELOPMENT



R424.2 bn

DEBT-SERVICE COSTS

Old-age grant	R118.8 bn
Social security funds	R99.5 bn
Child-support grant	R93.5 bn
Other grants	R77.1 bn
Provincial social development	R23.3 bn
Policy oversight and grant administration	R14.8 bn



R427.0 bn
SOCIAL DEVELOPMENT



R8.0 bn

CONTINGENCY RESERVE