

SOUTH AFRICA  
**BUDGET 2025**  
**SPEECH**

# **REBUILDING TOGETHER**

**BUDGET 3.0**  
**MEMBER ANALYSIS**  
21 May 2025



#SABudget\_2025



**SAICA**

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## CONTENTS

<b>1. BUDGET 3.0</b>	<b>3</b>
<b>2. GLOBAL ECONOMY OVERVIEW</b>	<b>4</b>
<b>2.1. GROWING UNCERTAINTY</b>	<b>4</b>
<b>3. BUDGET OVERVIEW AND ANALYSIS</b>	<b>5</b>
<b>3.1. OVERVIEW</b>	<b>5</b>
<b>3.2. MEDIUM TERM COMPARISONS: BUDGET 1.0, 2.0 &amp; 3.0</b>	<b>10</b>
3.2.1 Key medium term indicators	10
3.2.2 Revenue outlook and tax proposals	11
3.2.3 Medium-term revenue outlook	11
<b>3.3. TAX PROPOSAL CHANGES: BUDGET 1.0, 2.0 &amp; 3.0</b>	<b>12</b>
3.3.1 Tax proposals	12
3.3.2 Fuel taxes and levies	12
3.3.4 Inter budget comparisons	12
<b>3.4. SPENDING AND APPROPRIATIONS 2025: BUDGET 1.0, 2.0 &amp; 3.0</b>	<b>13</b>
<b>3.5. SARS ENHANCED COLLECTION PLAN</b>	<b>14</b>
<b>4. ANNEXURE A: DETAILED INTER-BUDGET 2025 APPROPRIATIONS AND DIVISION OF REVENUE</b>	<b>15</b>
4.1 Revenue estimates	15
4.2 Consolidated expenditure	16
4.3 Borrowing	17
4.4 Government guarantees	17
4.5 Government guarantees	17
4.6 Economic outlook	18
4.7 Division of revenue	18
4.8 Expenditure	21

## 1.BUDGET 3.0

Budget 2025 will be remembered as the first time in democratic South Africa that the Budget Speech, and in fact the Budget as a whole, was not only deferred once but twice, giving us 3 Budgets in a single year.

The Minister has today welcomed the challenges in the budget process, as highlighted this year, as a commitment to listen to the people and an opportunity to revise the budget process in future. He stated:

*“Our focus going forward is threefold: balancing the budget through spending efficiencies, strengthening revenue collection, and giving expression to the Medium-Term Development Plan.”*

SAICA echoes the Ministers sentiments *“This undertaking is not insurmountable **if we work together**, stay focused, and persevere to chart a better course for our economy and our people”*.

The majority of the national budget has remained the same from the iterations in February and March 2025. Our [analysis and conclusions](#) in most of these areas remain unchanged and SAICA members are welcome to revisit these, including the actual budget documents for [Budget 1.0](#) and [Budget 2.0](#). This is in line with the Budget Review 3.0 which states:

*“The Overview should be read in conjunction with the March 2025 Budget Review, which is re-tabled as a key policy reference. Areas where no substantive changes have been made, such as Chapter 8 of the Budget Review, are not discussed in this booklet.”*

Below we will set out these changes and provide you, our valued members, with comparatives between the various versions of the National Budget, unpacking how it was changed to meet the revised policies and plans.

## 2. GLOBAL ECONOMY OVERVIEW

### 2.1. GROWING UNCERTAINTY

Budget 3.0 has expanded its recognition of the growing global economic uncertainty and the impact on South Africa's economic growth as the Minister states:

*“This Budget is being tabled in a difficult international environment, characterised by trade volatility and policy uncertainty. As global growth has faltered, South Africa's economic outlook has also weakened, with GDP expected to grow by only 1.4 per cent in 2025. Global risk and economic weakness reinforce the need for us to put our fiscal house in order.”*

The GDP projection for 2025 has therefore been reduced from 1,9% to 1,4%. This is still more than the IMF's 1% revised estimate and the World Bank's 1,3% revised estimate. A corresponding adjustment has been made to revenue estimates, with significantly lower estimates for personal income tax of R19 billion, reflecting low inflation predictions (and salary adjustments) and well as a change in employment which increased in Q4 2024 by 1,2% to 43,1%.

The revision in recognition of the global outlook changes is welcomed as a more conservative approach in uncertain times whilst seeking to achieve sustainable debt as a primary fiscal goal, is supported.

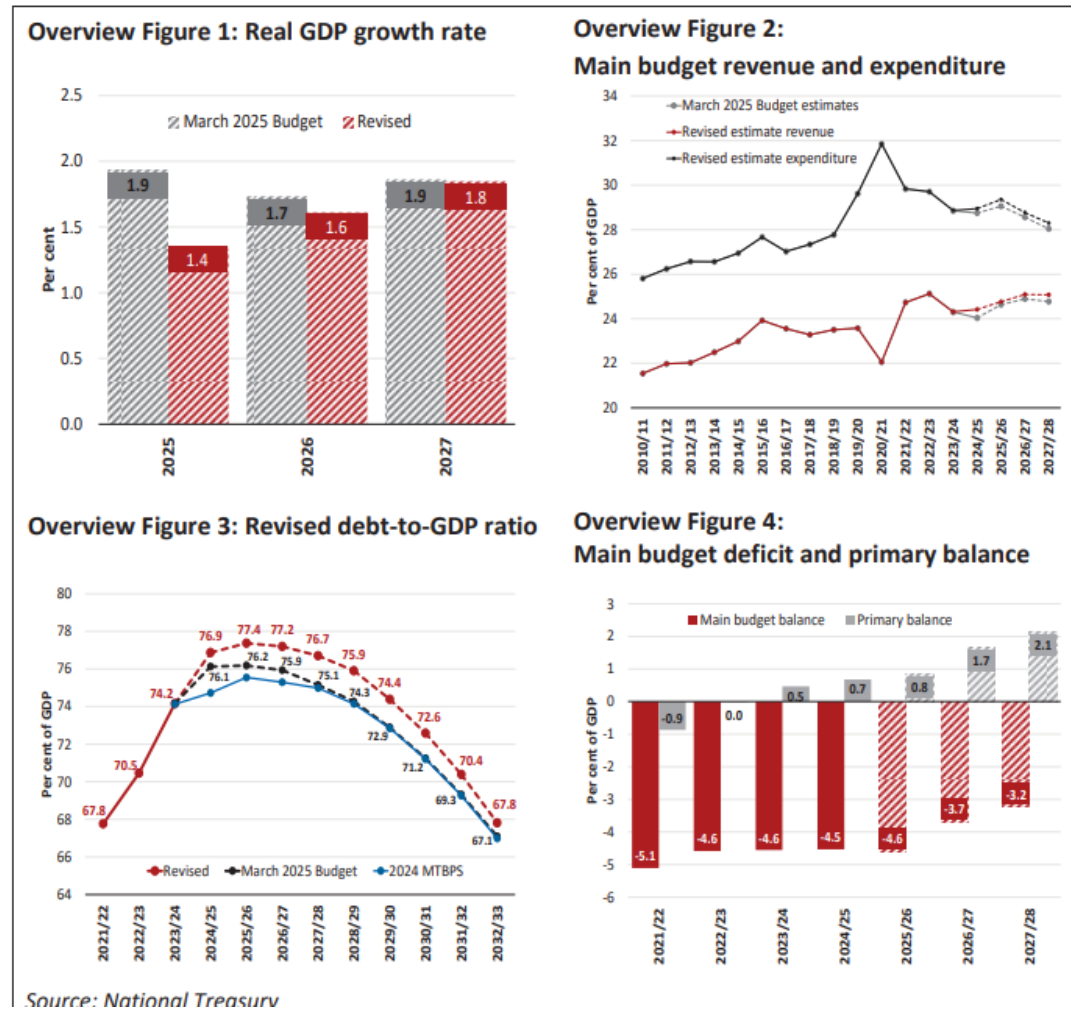
Our previous analysis of **KEY OBSTACLES TO GLOBAL ECONOMIC GROWTH** remains unchanged as global public infrastructure, global public debt (estimate increased to 2,8% by IMF, or twice 2024 projections) and the size of governments remain.



## 3. BUDGET OVERVIEW AND ANALYSIS

### 3.1. OVERVIEW

Budget 3.0 summarised the key fiscal metrics as noted below.



The Minister of Finance notes that debt to GDP will increase by 1,2% to 77,4% from Budget 2.0, although he attributes this to lower GDP, the reality is that it is worsening, and medium-term GDP forecasts remain optimistic if nothing material changes at an execution level. This is also reflected in the IMF's revised estimates of debt-to-GDP for SA to closer to 88% in the medium term. The same result follows with expenditure, which now increases as a percentage of GDP.

*“Higher main budget primary surpluses and lower budget deficits are anticipated in 2026/27 and 2027/28 compared with projections in the 2024 MTBPS. This improvement occurs because projected increases in spending are more than offset by anticipated higher revenue collection”.* However, this effectively still means that government's extraction out of the economy is increasing as reflected in the increased tax-to-GDP ratio, which is a continuation

of the 10-year trend. It also heavily relies on SARS' ability to collect a portion of the SARS R400 billion debt book and estimated R400 billion tax gap. In this regard see our concerns raised in our [submission to Parliament](#) on Budget 2.0 and previous analysis.

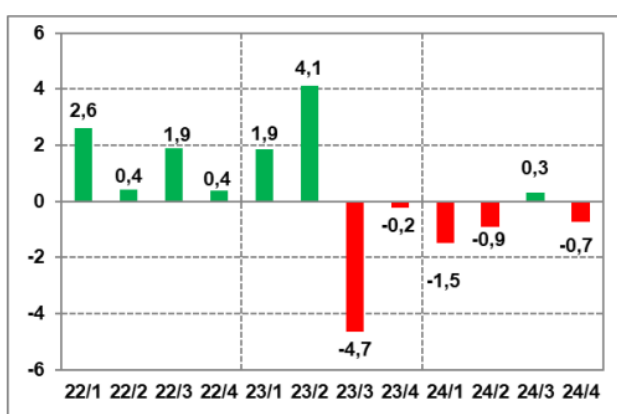
**Overview Table 2: Macroeconomic performance and projections**

	2023	2024	2025	2026	2027
Percentage change	Actual		Estimate	Forecast	
Final household consumption	0.7	1.0	1.8	1.4	1.8
Final government consumption	1.9	0.4	2.7	1.4	0.0
Gross fixed-capital formation	3.9	-3.7	3.2	4.2	4.2
Gross domestic expenditure	0.8	-0.7	2.0	2.3	2.0
Exports	3.7	-2.0	0.4	1.4	3.1
Imports	3.9	-6.3	2.8	3.7	3.3
<b>Real GDP growth</b>	<b>0.7</b>	<b>0.6</b>	<b>1.4</b>	<b>1.6</b>	<b>1.8</b>
GDP inflation	4.8	3.8	4.4	4.4	4.5
<b>GDP at current prices (R billion)</b>	<b>7 024.0</b>	<b>7 336.2</b>	<b>7 760.3</b>	<b>8 235.3</b>	<b>8 761.3</b>
CPI inflation	6.0	4.4	3.7	4.2	4.3
Current account balance (% of GDP)	-1.6	-0.6	-0.7	-1.1	-1.3

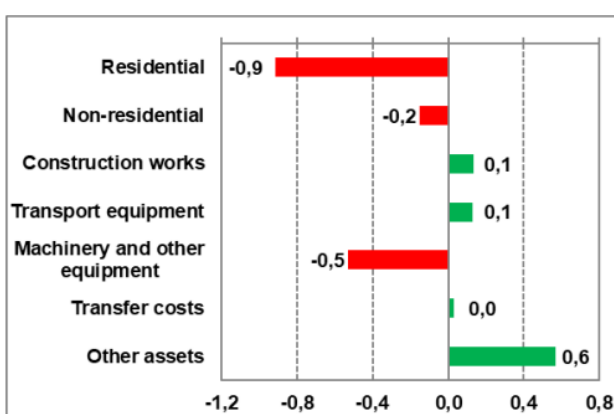
Sources: National Treasury, Reserve Bank and Statistics South Africa; data extracted from the updated tables of 2025 Budget Review, Table 2.2

The retained optimistic growth outlook for the medium term is mainly based on a huge growth in gross fixed capital formation (GFCF). SARB statistics for Q4 2024 show a slight uptick in GFCF for the private sector but not for the public sector, with a year on year decrease from 14,9%(2023) to 14,4% (2024) of GDP. What is evident from the STATSSA data is that the large declines are in residential capital, where interest rates are sticky, with disposable income declining together with manufacturing, which is under an ongoing decline. This is unlikely to grow in the medium term.

**Figure 9a – GFCF growth rate (%)**



**Figure 9b – GFCF contributions, Q4 2024 (% points)**



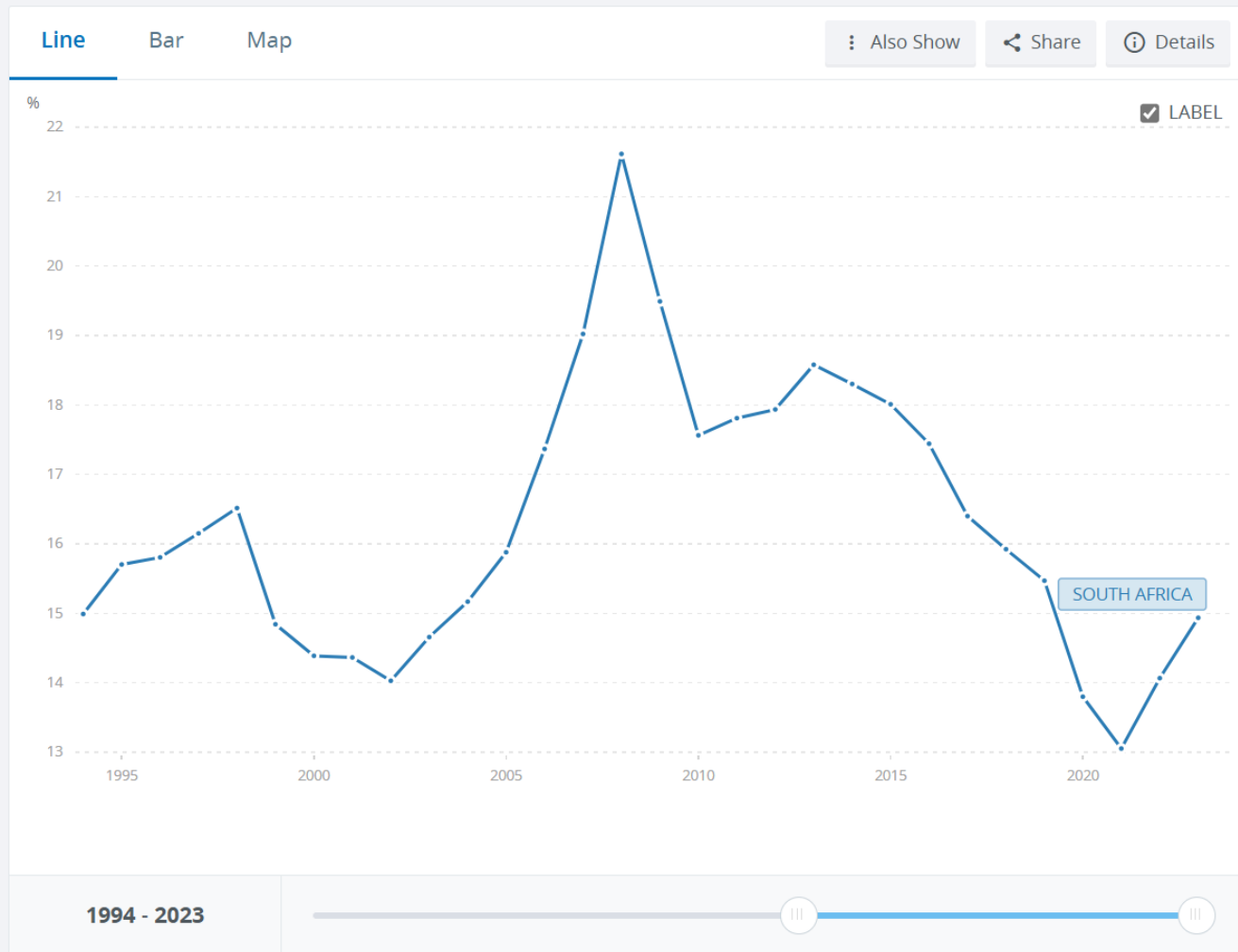
GFCF fluctuates in South Africa, but has seen a declining trend since 2020, particularly in the private sector which contributes the most. Our analysis of business' confidence decline over the last decade mirrors this. Though the Minister anticipates public sector and mainly State owned Entities spend on GFCF to increase, it is still the lesser of the two contributions and will

not move the needle should the private sector not significantly increase capital spending, as seen in 2005-2008 when business confidence and fiscal discipline was high.

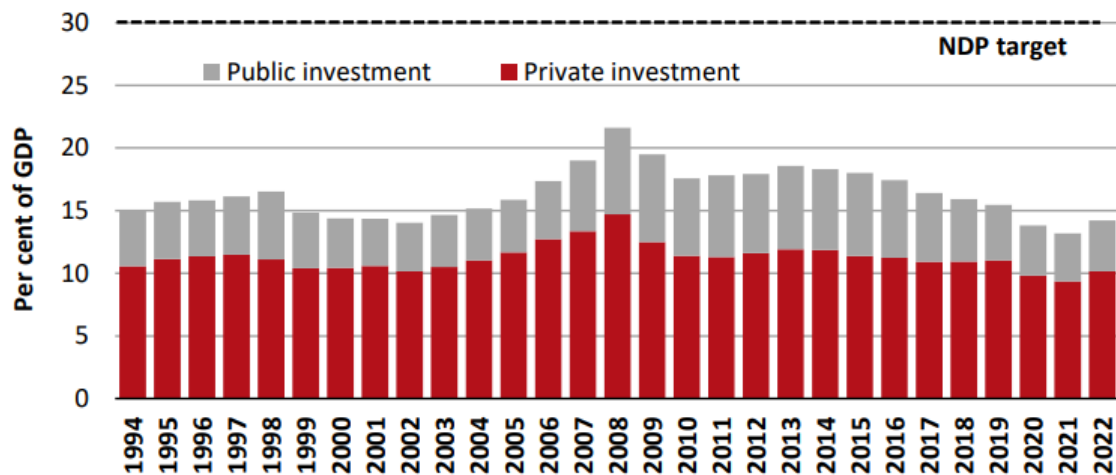
## Gross fixed capital formation (% of GDP) - South Africa

World Bank national accounts data, and OECD National Accounts data files.

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**Figure D.1 Public- and private-sector capital investment as a share of GDP, 1994–2022\***



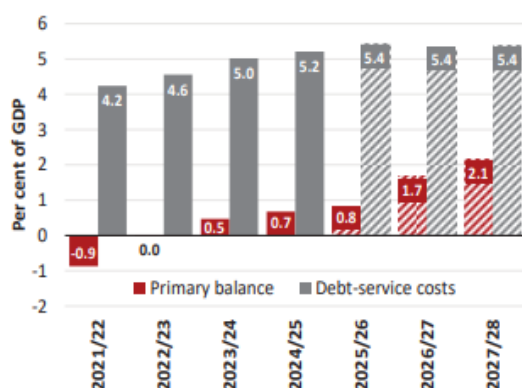
\*All GDP data in this annexure is recalculated in line with Statistics South Africa's 2021 rebasing and

The Minister notes that South Africa directs 61% of its non-interest expenditure to the “social wage” (i.e. basic services and grants). The question is at what point will this be seen as unsustainable? This has to be seen in the context of the Budget seeking to build the economy through infrastructure investment, though as per our previous analysis, much of the R1trillion (75%) in the medium term is funded by State owned Entities’ budgets from charges to the public (i.e. electricity tariffs and transport charges etc.) and then most of it is for repairs and replacement assets, not new or expanded infrastructure.

Furthermore, as tax-to-GDP continues to rise, the Minister has already penciled in R20 billion in 2026 tax increases and partially moved the tax increases in 2025 from VAT to fuel levies by R4 billion, with the taxes on diesel now increasing to 33% of the total price. It remains concerning that the Minister and National Treasury admit that South Africa’s tax-to-GDP is high as a global comparative but will not concede that there is a level at which this fiscal policy and growing tax burden is hurting the same economy. They say it should assist to grow. Without such a level as set by the Katz Commission (25%), this provides no fiscal framework guidance.

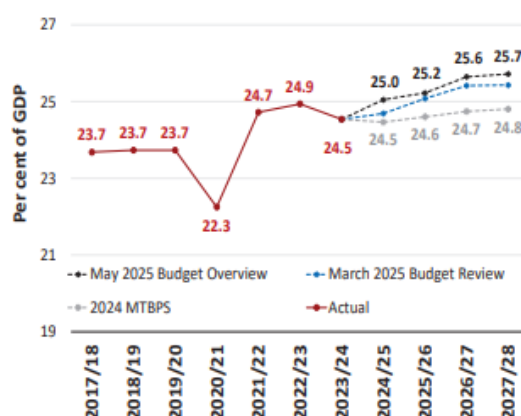


**Overview Figure 8: Main budget primary balance and debt-service costs**



Source: National Treasury

**Overview Figure 9: Tax-to-GDP ratio**



**Overview Table 8: Total combined fuel taxes on petrol and diesel**

Rands/litre	2023/24		2024/25		2025/26	
	93 octane petrol	Diesel	93 octane petrol	Diesel	93 octane petrol	Diesel
General fuel levy	3.85	3.70	3.85	3.70	4.01	3.85
Road Accident Fund levy	2.18	2.18	2.18	2.18	2.18	2.18
Customs and excise levy	0.04	0.04	0.04	0.04	0.04	0.04
Carbon tax <sup>1</sup>	0.10	0.11	0.11	0.14	0.14	0.17
<b>Total</b>	<b>6.17</b>	<b>6.03</b>	<b>6.18</b>	<b>6.06</b>	<b>6.37</b>	<b>6.24</b>
Pump price <sup>2</sup>	23.10	21.54	22.41	20.19	21.29	18.90
Taxes as percentage of pump price	26.7%	28.0%	27.6%	30.0%	29.9%	33.0%

1. The carbon tax on fuel became effective from 5 June 2019

2. Average Gauteng pump price for the 2023/24 and 2024/25 years. The 2025/26 figure is the Gauteng pump price in May 2025. Diesel (0.05% sulphur) wholesale price (retail price not regulated)

Source: National Treasury; data extracted from the updated tables of 2025 Budget Review, Table 4.8

The consolidated fiscal framework envisages a year-on-year revenue growth of 7,9% and continues this trend in the medium term. Should this not materialise, estimated debt levels and future capital spending will have to be revised.

**Overview Table 5: Consolidated fiscal framework**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
R billion/percentage of GDP	Outcome			Revised estimate	Medium-term estimates		
Revenue	1 754.8 27.7%	1 900.8 28.1%	1 948.0 27.5%	2 040.2 27.5%	2 200.8 28.0%	2 354.3 28.2%	2 503.2 28.2%
Expenditure	2 047.3 32.4%	2 145.4 31.7%	2 259.5 31.9%	2 397.8 32.4%	2 578.7 32.8%	2 674.5 32.0%	2 807.5 31.6%
Non-interest expenditure	1 771.3 28.0%	1 829.7 27.1%	1 896.0 26.7%	2 003.6 27.1%	2 143.8 27.2%	2 218.3 26.6%	2 319.9 26.1%
Budget balance	-292.6 -4.6%	-244.6 -3.6%	-311.6 -4.4%	-357.6 -4.8%	-377.9 -4.8%	-320.2 -3.8%	-304.3 -3.4%

Source: National Treasury data extracted from the updated tables of 2025 Budget Review, Table 2.5

The Minister is correct that this is not an austerity budget, this is a budget debating how much budgets and spending should increase and continues to rely heavily on expected increases in GDP, capital formation and possible additional tax collections. These expectations remain subject to much concern given government's own admitted inability to spend effectively and efficiently. The Minister issues a call to arms when he says:

*"I call on Ministers, MECs, DGs, HoDs and every official responsible for public funds to embrace these efforts and play their part."* He is extremely correct that the success of National Treasury's estimates are not in his hands, but those of his colleagues.

## 3.2. MEDIUM TERM COMPARISONS: BUDGET 1.0, 2.0 & 3.0

### 3.2.1 Key medium term indicators

The comparative medium-term indicators confirm concerns as to some of the assumptions as relates to outlier years of the medium term. The updated budget acknowledges the implosion of exports yet indicates a full recovery without much explanation on how that will occur, especially given the downside risk to the USA as export destination.

Furthermore, GFCF which was -3,7 in 2024 is now expected to be significantly lower in the first part and then exceed the initial estimations in the outlying years, notwithstanding that there is no increase in government infrastructure spending and a declining private sector capital formation.

	Budget Version 1 (19 Feb)			Budget Version 2 (12 March)			Budget Version 3 (21 May)		
	2024/2025	2025/2026	2026/2027	2024/2025	2025/2026	2026/2027	2024/2025	2025/2026	2026/2027
<b>Percentage growth</b>									
Real GDP growth	1,9	1,7	1,9	1,9	1,7	1,9	1,4	1,6	1,8
CPI inflation	4,5	4,6	4,4	4,3	4,6	4,4	3,7	4,2	4,3
Exports	3,4	3,1	3	3,4	3,2	3,1	0,4	1,4	3,1
Gross fixed capital formation	5	5,2	3,8	5	5,2	3,7	3,2	4,2	4,2
<b>Amounts in R billions</b>									
Debt service costs	R389,6	R424,2	R448,6	R389,6	R424,9	R449,2	R385,8	R426,3	R447,0
Gross loan debt	R5 684,0	R6 090,2	R6 453,1	R5 693,6	R6 094,2	R6 463,8	R5 693,9	R6 090,5	R6 446,8
Total tax revenue	R1 843,7	R2 032,0	R2 175,9	R1 846,3	R2 006,1	R2 163,4	R1 855,3	R1 985,6	R2 141,8
Total expenditure	R2 404,0	R2 600,8	R2 713,2	R2 404,0	R2 592,3	R2 703,0	R2 397,8	R2 578,7	R2 674,5

Debt service cost remain stable, but this may be due to the refinancing of debt and not necessarily a reduction of debt. This is evident from the 2025 budget revisions as relates to additional borrowing for Budget 1.0, 2.0 and 3.0 which has increased by R24 billion.

	Budget 1.0	Budget 2.0	Budget 3.0
Additional borrowing (R billion)	353,10	370,40	377,90

### 3.2.2 Revenue outlook and tax proposals

The preliminary revenue outcome for 2024/25 is R1.86 trillion – a R8.9 billion improvement from March 2025. According to National Treasury the improvement “*was primarily driven by a large once-off dividends tax receipt and lower-than-anticipated VAT refunds*”. Although this still falls short of the expectations in the 2024 Budget by R7.8 billion.

National Treasury have noted that Chapter 4 of the March 2025 [Budget Review](#) outlined tax proposals for 2025/26 and 2026/27 which remain (unchanged including for personal income tax, transfer duties and excise duties) besides for those mentioned in the May Budget Overview.

The main policy changes are the withdrawal of the proposed VAT rate increases, withdrawal of additional zero-rated items, and a proposed inflation-related increase in the fuel levy. To account for revenue shortfalls, R20 billion in additional tax revenue is included in the fiscal framework for 2026/27. Dependent on SARS’ collections in 2025, the 2026 Budget will present proposals to raise this amount.

### 3.2.3 Medium-term revenue outlook

As a result of the weaker economic outlook and the reversal of the VAT rate increases, the medium-term revenue outlook is revised down by R61.9 billion relative to the March 2025 Budget Review.

In line with the economic forecast, the outlook for growth in key tax bases has weakened.

The tax-to-GDP ratio is expected to reach 25.7 percent by 2027/28, slightly higher than the 25.4 percent projected two months ago. The ratio remains largely in line with previous estimates due to the better-than-expected revenue outcome for 2024/25, tax increases over the next two years, and strong tax buoyancy in key revenue instruments such as personal income tax.

In 2024/25, SARS collected R95 billion in debt. Over the MTEF period, the agency will receive an additional R7.5 billion relative to the baseline. Part of this allocation is expected to increase debt collection by R20 billion to R50 billion per year. This potential revenue is not included in the revenue estimates. However, as mentioned earlier, SARS’ performance will be monitored by assessing the change in the amount of cash collected from debt, which will be published monthly. If successful, the R20 billion in tax increases to be proposed in the 2026 Budget will be reconsidered.

### 3.3. TAX PROPOSAL CHANGES: BUDGET 1.0, 2.0 & 3.0

#### 3.3.1 Tax proposals

The VAT rate increases and expanded zero-rating proposed in the March 2025 Budget Review have been withdrawn. The revenue measures proposed in this Budget Overview are expected to raise R18 billion in 2025/26 and provide R1 billion in relief in 2026/27.

The Minister of Finance will, dependent on SARS' 2025/26 revenue collection, propose an additional R20 billion in tax measures in the 2026 Budget.

#### 3.3.2 Fuel taxes and levies

Government proposes an inflationary increase in the general fuel levy for petrol and diesel to R4.01c/l and R3.85c/l, respectively, effective from 4 June 2025. This is approximately R4bn in additional taxes.

#### 3.3.4 Inter budget comparisons

From the February to May budget it has been estimated that personal income tax and VAT collection will decrease by R8 billion and R63 billion respectively, with corporate tax estimated to increase by R13 billion. The largest changes to expenditure from Budget 1.0 to Budget 3.0 has been an increase of R6 billion each social development and community development. These include social grants, public transport and human settlement. Additional borrowing and net loan debt has increased by R24 and R16 billion respectively. The real GDP forecast has decreased however the CPI inflation forecast has also decreased which could mean reduced demand for goods and services and increased unemployment. Both of which yield a poor outlook.

ESTIMATED REVENUE	Chapter 4			Changes between budgets		
	Budget 1.0	Budget 2.0	Budget 3.0	Budget 2.0 to 1.0	Budget 3.0 to 2.0	Budget 3.0 to 1.0
Personal income tax	800,50	811,14	792,50	10,64 -	18,64 -	8,00
VAT	545,40	499,50	482,20	45,90 -	17,30 -	63,20
Corporate income tax	325,00	331,31	338,80	6,31	7,49	13,80
Taxes on property	22,80	23,03	23,90	0,23	0,87	1,10
SDL	26,00	26,00	26,00	-	-	-
Other domestic taxes on goods and services	177,12	178,98	186,51	1,86	7,53	9,39
Taxes on international trade and transactions	87,10	87,80	84,10	0,70 -	3,70 -	3,00
Mineral and petroleum	11,60	12,60	11,20	1,00 -	1,40 -	0,40
Other non-tax revenue	26,20	26,20	26,10	-	0,10 -	0,10
SACU payments	- 73,60	- 73,60	- 73,60	-	-	-
Provinces social security funds and public entities	251,40	251,40	251,40	-	-	-

The below table provides an overview of key economic indicators across the three versions of Budget 2025.



### 3.4. SPENDING AND APPROPRIATIONS 2025: BUDGET 1.0, 2.0 & 3.0

A comparison of the different versions of the 2025 budget shows an unfortunate decline in the budgeted expenditure for costs in critical areas such as education, healthcare, social development, community development and peace and security. Whilst there were cuts in other areas, the below summary focuses on these aspects, where the total budget cuts across these areas totals R23 billion.

	R'billion		
	Budget 1.0	Budget 2.0	Budget 3.0
Learning and culture	508,70	508,70	505,70
Health	298,80	298,80	296,20
Social development	427,00	422,40	420,20
Community development	286,60	286,60	280,50
Peace and security	267,70	266,20	263,20

Despite the Finance Minister stating that the budget aims for sustainable public finances and involves reducing additional spending over the medium term, the stark reality is that debt service costs are consuming a disproportionate share of revenue – more than what is spent on essential services like health, police and basic education combined. This suggests that servicing debt is being prioritised over direct investment in social services.

The impact of some of these budget cuts is explored below:

- **Education:** Budget cuts may result in larger class sizes, fewer teachers, inadequate infrastructure maintenance, and worsening shortages of learning materials. This directly impacts the quality of education and further entrenches inequality, particularly for learners in under-resourced schools.
- **Healthcare:** Whilst some allocations have been made to retain healthcare workers over the medium term, the overall decline in budgeted expenditure between February and May's budget, suggests continued strain on public health facilities. This could lead to longer waiting times, shortages of medicines, and a reduced capacity to address the country's high disease burden, which will impact the majority of the population reliant on public healthcare.
- **Social Development:** Reductions in this area means declining support for vulnerable individuals and households, beyond core social grants. This may affect critical programs for persons with disabilities, survivors of gender-based violence, children, and the elderly, potentially leading to increased hardship and exacerbating social challenges. Non-profit organizations (NPOs) providing essential services are already facing significant financial strain due to delayed funding and reduced spending in this area is likely to exacerbate this.
- **Peace & Security:** Reduced budgets for this sector, which includes defence and police, raise concerns about the country's ability to maintain law and order, protect its borders,

and address the rising crime rates. The South African National Defence Force (SANDF) has been significantly defunded over the past two decades, giving rise to concerns about operational readiness and capability.

Despite the Minister's assertion that this is "not an austerity budget," the R23 billion reduction in spending on essential social services points towards a form of austerity. The decision to reverse the VAT increase, while potentially providing relief to consumers, has directly contributed to the revenue shortfall and necessitated these spending cuts elsewhere. The government is trying very hard to balance fiscal sustainability with social needs. However, the outcome directly impacts funds available for vital public services, which will disproportionately affect the poor and vulnerable who rely most on these services.

### 3.5. SARS ENHANCED COLLECTION PLAN

Despite the challenging economic backdrop, SARS Commissioner Edward Kieswetter reiterated the commitment to collecting the 2025/26 R1.986 trillion revenue estimate.

Despite these growing challenges, SARS plays a crucial role in funding approximately 90% of government expenditure, which supports essential public services like pensions, healthcare, and social grants. To achieve its revenue goals, SARS' focus will be on accelerating debt collection, specifically in respect of undisputed debt, while acknowledging the economic hardships faced by taxpayers.

SARS's strategy involves:

- **Leveraging data and AI:** Utilising advanced data analytics and artificial intelligence, along with expanded third-party data, to identify tax compliance risks, reduce the tax gap, and expand the automation of tax assessments – with a view to more effectively identifying underreported income, strengthening efforts to combat tax evasion.
- **Combating the illicit economy:** Enhancing enforcement against smuggling and black-market activities in high-revenue sectors such as tobacco, alcohol, and fuel. With these efforts, SARS intends recovering substantial revenue losses and deterring future non-compliance within these informal economy sectors.
- **Broadening the tax base:** Systematically identifying and registering individuals and businesses operating outside the formal tax system, particularly in hard-to-tax informal sectors – avoiding as much reliance on the current, narrow tax base.
- **Investing in skills and systems:** developing advanced skills and systems in order to close the tax gap.

SARS Commissioner Edward Kieswetter emphasised the organisation's transformative role in contributing to a better life for all South Africans, expressing gratitude to compliant taxpayers and highlighting SARS' dedication to assisting taxpayers meet their obligations, as well as ensuring a fair distribution of the tax burden through addressing non-compliance.

## 4. ANNEXURE A: DETAILED INTER-BUDGET 2025 APPROPRIATIONS AND DIVISION OF REVENUE

### 4.1 Revenue estimates

	Version 1	Version 2	Version 3
<u>Estimate revenue R'billion</u>	2 247,70	2 221,90	2 200,80
Tax revenue	1 983,80	1 957,70	1 934,00
Personal income tax	800,50	811,10	792,50
VAT	545,40	499,50	482,20
Corporate income tax	325,00	331,30	338,80
Taxes on property	22,80	23,00	23,90
SDL	26,00	26,00	26,00
Other domestic taxes on goods and services	177,00	179,00	186,50
Taxes on international trade and transactions	87,10	87,80	84,10
Non-tax revenue	37,80	37,90	37,40
Mineral and petroleum	11,60	12,60	11,20
Other non-tax revenue	26,20	26,20	26,10
SACU payments	- 73,60	- 73,60	- 73,60
Main budget revenue			
Provinces social security funds and public entities	251,40	251,40	251,40

It is important to note that for whatever reason, revenue estimates for Budget 1.0 and 2.0 do not tally up – with a R16,6 billion excess in Budget 1.0 and a R9,7 billion shortfall in Budget 2.0.

## 4.2 Consolidated expenditure

<u>Consolidated expenditure R'billion</u>	2 600,80	2 581,00	2 578,70
Learning and culture	508,70	508,70	505,70
basic education	332,30	332,30	329,20
NSFAS	55,40	55,40	55,40
university transfer	48,40	48,40	48,40
SDL institutions	27,90	27,90	27,90
education administration	21,60	21,60	21,60
Other	8,90	8,90	9,00
technical & vocational education	14,20	14,20	14,20
Health	298,80	298,80	296,20
distric health	132,10	132,10	130,90
central hospital services	58,30	58,30	57,80
provincial hospitals	49,00	49,00	48,50
other services	47,50	47,50	47,10
facilities management & maintenance	11,90	11,90	11,90
Social development	427,00	422,40	420,20
old-age grant	118,80	117,40	117,40
social security	99,50	99,50	99,50
chil-support grant	93,50	90,40	90,40
other grants	77,10	77,00	77,00
provincial social development	23,30	23,30	23,30
policy oversight & grant admin	14,80	14,80	12,60
Community development	286,60	286,60	280,50
municipal equitable share	106,10	106,10	106,10
public transport	67,70	67,70	63,80
human settlement, water and electrification	58,00	58,00	58,00
other	54,80	54,80	52,60
Economic development	289,80	289,80	289,80
regulation & infrastructure	175,70	175,70	175,70
industrialisation and export	40,80	40,80	40,80
agriculture and rural development	29,40	29,40	29,40
job craeting & labour affairs	23,70	23,70	23,70
innovation, sciecn and technology	20,20	20,20	20,20
General public services	78,60	78,60	80,60
public administration and fiscal affairs	51,70	51,70	53,70
executive and legislation organs	17,80	17,80	17,80
external affairs	9,10	9,10	9,10
Peace and security	267,70	266,20	263,20
police services	133,40	133,40	133,40
defence and state security	60,80	60,80	59,70
law courts and prisons	58,10	58,10	57,20
home affairs	15,40	13,90	12,90
Payment for financial assets	11,40	11,40	11,40
Debt servicing	424,20	424,90	426,30
Contingency reserve	8,00	5,00	5,00



### 4.3 Borrowing

Borrowing R'billion				
Additional borrowing	353,10	370,40	377,90	
Gross loan debt	6 090,20	6 094,20	6 090,50	
Net loan debt	5 948,00	5 965,80	5 964,30	
Debt-to-GDP	76,10	76,20	77,40	

### 4.4 Government guarantees

Government guarantees (R'billion)	1 750,20	1 753,10	776,00	
Public institutions	491,90	491,90	491,90	
IPPs	277,90	277,90	277,90	
Public-private partnership	6,20	6,20	6,20	
Provisions				
Multilateral institutions	535,30	538,20	-	
Other contingent liabilities	438,90	438,90	-	

### 4.5 Government guarantees

Exposure as a result of guarantees (R'billion)				
Public institutions	414,30	439,20	439,20	
IPPs	229,50	229,50	229,50	
Public-private partnership	6,20	6,20	6,20	
Provisions				
Multilateral institutions	-	-	538,20	
Other contingent liabilities	-	-	438,90	

## 4.6 Economic outlook

<u>Economic outlook (%)</u>				
Real GDP growth for 2024/25	1,10	1,10	0,70	
Real GDP growth for 2025/26	1,80	1,80	1,50	
Real GDP growth for 2026/27	1,80	1,80	1,70	
Nominal GDP growth for 2024/25	5,40	5,40	4,40	
Nominal GDP growth for 2025/26	7,00	7,00	6,30	
Nominal GDP growth for 2026/27	6,50	6,40	6,10	
CPI inflation for 2024/25	4,00	3,90	3,80	
CPI inflation for 2025/26	4,80	4,70	4,10	
CPI inflation for 2026/27	4,50	4,50	4,10	
Budget deficit (R'billion)	336,50	353,90	361,30	

## 4.7 Division of revenue

	Version 1	Version 2	Version 3
<u>Division of revenue amongst government spheres R'000</u>	2 332 858 235,00	2 324 354 181,00	2 310 729 739,00
National	1 593 605 254,00	1 585 101 200,00	1 571 476 758,00
Provincial	633 165 959,00	633 165 959,00	633 165 959,00
Local	106 087 022,00	106 087 022,00	106 087 022,00
<u>Division of revenue amongst provinces R'000</u>	633 165 959,00	633 165 959,00	633 165 959,00
Eastern Cape	82 452 399,00	82 452 399,00	82 452 399,00
Free State	34 836 292,00	34 836 292,00	34 836 292,00
Gauteng	133 979 469,00	133 979 469,00	133 979 469,00
Kwazule Natal	128 094 529,00	128 094 529,00	128 094 529,00
Limpopo	74 064 064,00	74 064 064,00	74 064 064,00
Mpumalanga	52 486 799,00	52 486 799,00	52 486 799,00
Northern Cape	17 110 732,00	17 110 732,00	17 110 732,00
North West	44 765 477,00	44 765 477,00	44 765 477,00
Western Cape	65 376 198,00	65 376 198,00	65 376 198,00

<u>Division of revenue amongst municipalities R'000</u>			
<u>Eastern Cape</u>	13 753 162,00	13 753 162,00	13 753 162,00
Sarah Baartman Municipalities	988 799,00	988 799,00	988 799,00
Bafallo City & Nelson Mandela Bay	2 933 767,00	2 933 767,00	2 933 767,00
Amathole Municipalities	2 395 575,00	2 395 575,00	2 395 575,00
Chris Hani Municipalities	1 734 045,00	1 734 045,00	1 734 045,00
Joe Gqabi Municipalities	878 114,00	878 114,00	878 114,00
O.R. Tambo Municipalities	2 866 524,00	2 866 524,00	2 866 524,00
Alfred Nzo Municipalities	1 956 338,00	1 956 338,00	1 956 338,00
<u>Free State</u>	6 202 161,00	6 202 161,00	6 202 161,00
Xhariep Municipalities	371 459,00	371 459,00	371 459,00
Mangaung	1 197 582,00	1 197 582,00	1 197 582,00
Lejweleputswa Municipalities	1 462 881,00	1 462 881,00	1 462 881,00
Thabo Mofutsanyana Municipalities	1 930 597,00	1 930 597,00	1 930 597,00
Fezile Dabi Municipalities	1 239 642,00	1 239 642,00	1 239 642,00
<u>Gauteng</u>	22 428 646,00	22 428 646,00	22 428 646,00
Sedibeng Municipalities	1 957 282,00	1 957 282,00	1 957 282,00
West Rand Municipalities	1 771 938,00	1 771 938,00	1 771 938,00
City of Ekurhuleni, Jhb and Tswane	18 699 426,00	18 699 426,00	18 699 426,00
<u>KZN</u>	20 548 708,00	20 548 708,00	20 548 708,00
eThekweni	5 190 438,00	5 190 438,00	5 190 438,00
Ugu Municipalities	1 490 363,00	1 490 363,00	1 490 363,00
uMgungundlovu Municipalities	2 203 088,00	2 203 088,00	2 203 088,00
uThukela Municipalities	1 391 082,00	1 391 082,00	1 391 082,00
uMzinyathi Municipalities	1 229 274,00	1 229 274,00	1 229 274,00
Amajuba Municipalities	955 342,00	955 342,00	955 342,00
Zululand Municipalities	1 648 244,00	1 648 244,00	1 648 244,00
uMkhanyakude Municipalities	1 555 021,00	1 555 021,00	1 555 021,00
King Cetshwayo Municipalities	2 010 077,00	2 010 077,00	2 010 077,00
iLembe Municipalities	1 692 483,00	1 692 483,00	1 692 483,00
Harry Gwala Municipalities	1 183 296,00	1 183 296,00	1 183 296,00
<u>Limpopo</u>	13 975 935,00	13 975 935,00	13 975 935,00
Mopani Municipalities	3 154 635,00	3 154 635,00	3 154 635,00
Vhembe Municipalities	3 451 679,00	3 451 679,00	3 451 679,00
Capricorn Municipalities	3 103 971,00	3 103 971,00	3 103 971,00
Waterberg Municipalities	1 501 409,00	1 501 409,00	1 501 409,00
Sekhukhune Municipalities	2 764 241,00	2 764 241,00	2 764 241,00
<u>Mpumalanga</u>	9 000 821,00	9 000 821,00	9 000 821,00
Gert Sibande Municipalities	2 418 227,00	2 418 227,00	2 418 227,00
Nkangala Municipalities	2 840 745,00	2 840 745,00	2 840 745,00
Ehlanzeni Municipalities	3 741 849,00	3 741 849,00	3 741 849,00

<u>Northern Cape</u>	2 690 970,00	2 690 970,00	2 690 970,00
Namakwa Municipalities	296 841,00	296 841,00	296 841,00
Pixley Ka Seme Municipalities	491 878,00	491 878,00	491 878,00
Z.F. Mgcawu Municipalities	488 272,00	488 272,00	488 272,00
Total: Frances Baard Municipalities	784 659,00	784 659,00	784 659,00
John Taolo Gaetsewe Municipalities	629 320,00	629 320,00	629 320,00
<u>North West</u>	9 112 745,00	9 112 745,00	9 112 745,00
Bojanala Platinum Municipalities	4 078 293,00	4 078 293,00	4 078 293,00
Ngaka Modiri Molema Municipalities	2 325 969,00	2 325 969,00	2 325 969,00
Dr Ruth Segomotsi Mompati Municipalities	1 173 283,00	1 173 283,00	1 173 283,00
Dr Kenneth Kaunda Municipalities	1 535 200,00	1 535 200,00	1 535 200,00
<u>Western Cape</u>	8 373 874,00	8 373 874,00	8 373 874,00
City of Cape Town	4 693 517,00	4 693 517,00	4 693 517,00
West Coast Municipalities	662 533,00	662 533,00	662 533,00
Cape Winelands Municipalities	1 220 398,00	1 220 398,00	1 220 398,00
Overberg Municipalities	512 876,00	512 876,00	512 876,00
Garden Route Municipalities	1 098 089,00	1 098 089,00	1 098 089,00
Central Karoo Municipalities	186 461,00	186 461,00	186 461,00
<u>Supplements for provincially funded programmes (R'000)</u>	57 213 526,00	57 213 526,00	57 213 526,00
Basic Education	15 285 220,00	15 285 220,00	15 285 220,00
Health	15 994 921,00	15 994 921,00	15 994 921,00
Transport	25 933 385,00	25 933 385,00	25 933 385,00
<u>Supplements for municipally funded programmes (R'000)</u>	10 273 600,00	10 273 600,00	10 273 600,00
Human Settlements	9 249 964,00	9 249 964,00	9 249 964,00
National Treasury	1 023 636,00	1 023 636,00	1 023 636,00
<u>Specific purpose allocations to provinces (R'000)</u>	77 260 553,00	77 260 553,00	77 260 553,00
Agriculture	2 456 869,00	2 456 869,00	2 456 869,00
Basic education	13 279 113,00	13 279 113,00	13 279 113,00
Health	41 701 226,00	41 701 226,00	41 701 226,00
Human settlement	16 919 900,00	16 919 900,00	16 919 900,00
Public works	627 212,00	627 212,00	627 212,00
Sports, arts & culture	2 276 233,00	2 276 233,00	2 276 233,00
<u>Specific purpose allocations to municipalities (R'000)</u>	43 197 819,00	43 076 671,00	43 787 504,00
National Treasury	715 171,00	1 304 856,00	1 304 856,00
Public works and infrastructure	567 281,00	567 281,00	567 281,00
Infrastructure grants	567 281,00	567 281,00	567 281,00
Cooperative governance	19 344 659,00	18 633 826,00	19 344 659,00
Human settlement	4 717 475,00	4 717 475,00	4 717 475,00
Electricity and energy	1 943 336,00	1 943 336,00	1 943 336,00
Transport	7 367 125,00	7 367 125,00	7 367 125,00
Water and sanitation	7 975 491,00	7 975 491,00	7 975 491,00



## 4.8 Expenditure

	<b>Version 1</b>	<b>Version 2</b>	<b>Version 3</b>
<b>Expenditure by function/purpose (R'billion)</b>	<b>2 600,80</b>	<b>2 592,30</b>	<b>2 578,70</b>
<b>Basic education</b>	<b>349,60</b>	<b>349,60</b>	<b>346,50</b>
compensation of employees	266,50	266,50	263,40
goods and services	36,40	36,40	36,40
capital spending	14,00	14,00	14,00
current transfers and subsidies	32,70	32,70	32,70
interest payments	-	-	-
<b>Post-school education and training</b>	<b>146,70</b>	<b>146,70</b>	<b>146,70</b>
compensation of employees	15,40	15,40	15,40
goods and services	3,50	3,50	3,50
capital spending	2,40	2,40	2,40
current transfers and subsidies	125,40	125,40	125,40
interest payments	-	-	-
<b>Arts, culture and sports</b>	<b>12,50</b>	<b>12,50</b>	<b>12,50</b>
compensation of employees	4,90	4,90	4,90
goods and services	3,80	3,80	3,80
capital spending	1,10	1,10	1,10
current transfers and subsidies	2,70	2,70	2,70
interest payments	-	-	-
<b>Health</b>	<b>298,90</b>	<b>298,90</b>	<b>296,10</b>
compensation of employees	193,60	193,30	190,70
goods and services	83,20	83,20	83,30
capital spending	15,20	15,20	15,20
current transfers and subsidies	6,90	6,90	6,90
interest payments	-	-	-
<b>Social protection</b>	<b>327,60</b>	<b>322,90</b>	<b>320,70</b>
compensation of employees	18,20	18,20	18,20
goods and services	9,00	9,00	9,00
capital spending	0,70	0,70	0,70
current transfers and subsidies	299,70	295,00	292,80
interest payments	-	-	-
<b>Social security funds</b>	<b>99,40</b>	<b>99,40</b>	<b>99,40</b>
compensation of employees	7,50	7,50	7,50
goods and services	7,90	7,90	7,90
capital spending	1,30	1,30	1,30
current transfers and subsidies	82,60	82,60	82,60
interest payments	0,10	0,10	0,10

Community development	286,70	286,70	280,50
compensation of employees	19,80	19,80	19,80
goods and services	19,70	19,70	19,70
capital spending	107,40	107,40	101,20
current transfers and subsidies	139,60	139,60	139,60
interest payments	0,20	0,20	0,20
Industrialisation & exports	40,70	40,70	40,70
compensation of employees	12,00	12,00	12,00
goods and services	7,60	7,60	7,60
capital spending	5,40	5,40	5,40
current transfers and subsidies	15,70	15,70	15,70
interest payments	-	-	-
Agriculture & rural development	29,40	29,40	29,40
compensation of employees	13,30	13,30	13,30
goods and services	9,80	9,80	9,80
capital spending	2,50	2,50	2,50
current transfers and subsidies	3,80	3,80	3,80
interest payments	-	-	-
Job creation & labour affairs	23,70	23,70	23,70
compensation of employees	4,30	4,30	4,30
goods and services	9,20	9,20	9,20
capital spending	0,50	0,50	0,50
current transfers and subsidies	9,70	9,70	9,70
interest payments	-	-	-

Economic regulation & infrastructure	175,90	175,90	175,90
compensation of employees	30,60	30,60	30,60
goods and services	78,70	78,70	78,70
capital spending	52,40	52,40	52,40
current transfers and subsidies	6,20	6,20	6,20
interest payments	8,00	8,00	8,00
Innovation, science & technology	20,30	20,30	20,30
compensation of employees	6,30	6,30	6,30
goods and services	4,40	4,40	4,40
capital spending	2,40	2,40	2,40
current transfers and subsidies	7,20	7,20	7,20
interest payments	-	-	-
Defense & state security	60,90	60,90	59,70
compensation of employees	36,20	36,20	34,00
goods and services	13,50	13,50	13,50
capital spending	1,60	1,60	1,60
current transfers and subsidies	9,60	9,60	10,60
interest payments	-	-	-
Police services	133,40	133,40	133,40
compensation of employees	105,90	105,90	105,90
goods and services	22,40	22,40	22,40
capital spending	3,20	3,20	3,20
current transfers and subsidies	1,90	1,90	1,90
interest payments	-	-	-

Law courts & prisons	58,10	58,10	57,20
compensation of employees	42,10	42,10	41,20
goods and services	13,80	13,80	13,80
capital spending	1,30	1,30	1,30
current transfers and subsidies	0,90	0,90	0,90
interest payments	-	-	-
Home affairs	15,40	13,90	12,90
compensation of employees	8,90	7,40	7,00
goods and services	3,70	3,70	3,40
capital spending	2,40	2,40	2,10
current transfers and subsidies	0,40	0,40	0,40
interest payments	-	-	-
Executive & legislative organs	17,90	17,90	17,90
compensation of employees	9,60	9,60	9,60
goods and services	5,30	5,30	5,30
capital spending	0,80	0,80	0,80
current transfers and subsidies	2,20	2,20	2,20
interest payments	-	-	-
Public administration & fiscal affairs	51,70	51,70	53,60
compensation of employees	26,10	26,10	27,10
goods and services	17,60	17,60	18,10
capital spending	2,40	2,40	2,80
current transfers and subsidies	5,60	5,60	5,60
interest payments	-	-	-



External affairs	9,20	9,20	9,20
compensation of employees	3,30	3,30	3,30
goods and services	2,70	2,70	2,70
capital spending	0,40	0,40	0,40
current transfers and subsidies	2,60	2,60	2,60
interest payments	0,20	0,20	0,20
Payments for financial assets	11,40	11,40	11,40
Debt servicing costs	424,20	424,90	426,30
Contingency reserve	8,00	5,00	5,00
Infrastructure expenditure - medium term (R'billion)	1 029,50	1 029,50	1 029,50
Transport and logistics	402,00	402,00	402,00
Energy	219,20	219,20	219,20
Water and sanitation	156,30	156,30	156,30
Other economic services	61,50	61,50	61,50
Education	57,00	57,00	57,00
Human settlement	49,20	49,20	49,20
Health	45,50	45,50	45,50
Administrative services	31,20	31,20	31,20
Other social services	7,60	7,60	7,60