



2024/25 HIGHLIGHTS

BUDGET FRAMEWORK

- Government is staying the course on the fiscal strategy outlined in the 2023 Medium Term Budget Policy Statement (MTBPS) and will achieve a primary budget surplus in 2023/24, with debt stabilising by 2025/26.
- Debt-service costs will peak as a share of revenue in 2025/26 and decline thereafter.
- The consolidated budget deficit is projected to narrow from 4.9 per cent of GDP in 2023/24 to 3.3 per cent by the end of the 2024 medium-term expenditure framework (MTEF) period.
- The balanced approach to fiscal consolidation includes expenditure restraint and moderate revenue increases, while continuing to support the social wage and ensuring additional funding for critical services.
- Government will, after extensive consultation, propose a binding fiscal anchor for future sustainability. In the interim, the debt-stabilising primary surplus will anchor fiscal policy.

SPENDING PROGRAMMES

- Consolidated government spending will amount to R2.37 trillion in 2024/25, R2.47 trillion in 2025/26 and R2.6 trillion in 2026/27.
- As part of the overall changes, R251.3 billion has been added to the MTEF to ensure that the salaries of teachers, doctors, nurses, police and many other public servants are funded, and to maintain strong levels of social protection through 2026/27.
- Spending across functions supports the implementation of new and existing policy priorities. Learning and culture receives 24.4 per cent (R1.51 trillion) of the total function budgets, while general public services receives the smallest share at 3.7 per cent (R231.5 billion).
- An amount of R7.4 billion is set aside in 2024/25 for the presidential employment initiative.
- The social wage will constitute an average of 60.2 per cent of total non-interest spending over the next three years.

TAX PROPOSALS

- Government proposes tax increases totalling R15 billion in 2024/25 to alleviate immediate fiscal pressures.
- No Inflation adjustments to the personal income tax tables and medical tax credits are provided.
- Excise duties on alcohol will increase between 6.7 and 7.2 per cent, while duties on tobacco products will increase between 4.7 and 8.2 per cent.
- As in the 2022 and 2023 Budgets, government again proposes no changes to the general fuel levy or the Road Accident Fund levy, resulting in tax relief of around R4 billion.
- South Africa will implement a global minimum corporate tax, with multinational corporations subject to an effective tax rate of at least 15 per cent, regardless of where its profits are located.
- Producers of electric vehicles in South Africa will be able to claim 150 per cent of qualifying investment spending as an incentive to aid the transition to new energy vehicles.

TAX REVENUE, 2024/25

R738.7 bn Personal income tax

R476.7 bn VAT

R302.7 bn Corporate income tax

R141.8 bn Customs and excise duties

R95.8 bn Fuel levies

R107.2 bn Other

MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2023	2024	2025	2026
	Estimate	Forecast		
Household consumption	0.7	1.3	1.8	1.7
Capital formation	4.2	3.7	4.0	3.6
Exports	3.2	2.1	2.5	3.2
Imports	4.8	1.9	2.6	2.6
Gross domestic product	0.6	1.3	1.6	1.8
Consumer price inflation (CPI)	6.0	4.9	4.6	4.6
Current account balance (% of GDP)	-1.8	-2.8	-3.0	-3.0

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

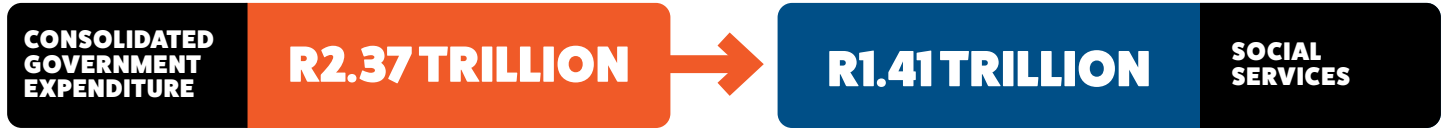
R billion/percentage of GDP	2023/24	2024/25	2025/26	2026/27
	Revised estimate	Medium-term estimates		
Revenue	1 921.4	2 036.6	2 176.4	2 323.6
	27.3%	27.3%	27.5%	27.6%
Expenditure	2 268.9	2 369.0	2 471.4	2 597.8
	32.2%	31.8%	31.2%	30.8%
Budget balance	-347.4	-332.4	-295.0	-274.2
	-4.9%	-4.5%	-3.7%	-3.3%
Gross domestic product	7 049.0	7 452.2	7 913.8	8 422.3

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION

R billion	2023/24	2024/25	2025/26	2026/27	2023/24–2026/27
	Revised estimate	Medium-term estimates			Average growth
Learning and culture	468.4	480.6	499.3	525.8	3.9%
Health	267.3	271.9	281.1	295.2	3.4%
Social development	368.5	387.3	385.0	398.9	2.7%
Community development	251.5	265.3	274.9	287.1	4.5%
Economic development	239.8	255.4	274.9	288.4	6.3%
Peace and security	236.8	244.0	254.5	266.5	4.0%
General public services	76.9	74.7	77.5	79.3	1.0%
Payments for financial assets	3.5	2.6	2.0	1.8	
Allocated expenditure	1 912.7	1 981.8	2 049.1	2 143.1	3.9%
Debt-service costs	356.1	382.2	414.7	440.2	7.3%
Contingency reserve	–	5.0	7.6	14.5	
Consolidated expenditure	2 268.9	2 369.0	2 471.4	2 597.8	4.6%



2024/25 EXPENDITURE



R255.4 bn
ECONOMIC DEVELOPMENT

- Economic regulation and infrastructure **R146.1bn**
- Industrialisation and exports **R39.1bn**
- Agriculture and rural development **R27.7bn**
- Job creation and labour affairs **R22.2bn**
- Innovation, science and technology **R20.2bn**

R244.0 bn
PEACE AND SECURITY

- Police services **R125.0bn**
- Law courts and prisons **R54.4bn**
- Defence and state security **R53.5bn**
- Home affairs **R11.1bn**

R74.7 bn
GENERAL PUBLIC SERVICES

- Public administration and fiscal affairs **R49.1bn**
- Executive and legislative organs **R17.0bn**
- External affairs **R8.5bn**

R382.2 bn
DEBT-SERVICE COSTS

R5.0 bn
CONTINGENCY RESERVE

R1.41 TRILLION
SOCIAL SERVICES

- Basic education **R303.0bn**
- National Student Financial Aid Scheme **R53.6bn**
- University transfers **R47.7bn**
- Skills development levy institutions **R28.6bn**
- Education administration **R19.4bn**
- Technical & vocational education and training **R13.6bn**

R480.6 bn
LEARNING AND CULTURE

- District health services **R120.0bn**
- Central hospital services **R52.8bn**
- Provincial hospital services **R47.5bn**
- Other health services **R40.2bn**
- Facilities management and maintenance **R11.3bn**

R271.9 bn
HEALTH

- Municipal equitable share **R101.2bn**
- Human settlements, water and electrification programmes **R59.2bn**
- Public transport **R57.2bn**
- Other human settlements and municipal infrastructure **R47.7bn**

R265.3 bn
COMMUNITY DEVELOPMENT

- Old-age grant **R107.0bn**
- Social security funds **R89.0bn**
- Child-support grant **R85.8bn**
- Other grants **R73.4bn**
- Provincial social development **R22.0bn**
- Policy oversight and grant administration **R10.1bn**

R387.3 bn
SOCIAL DEVELOPMENT