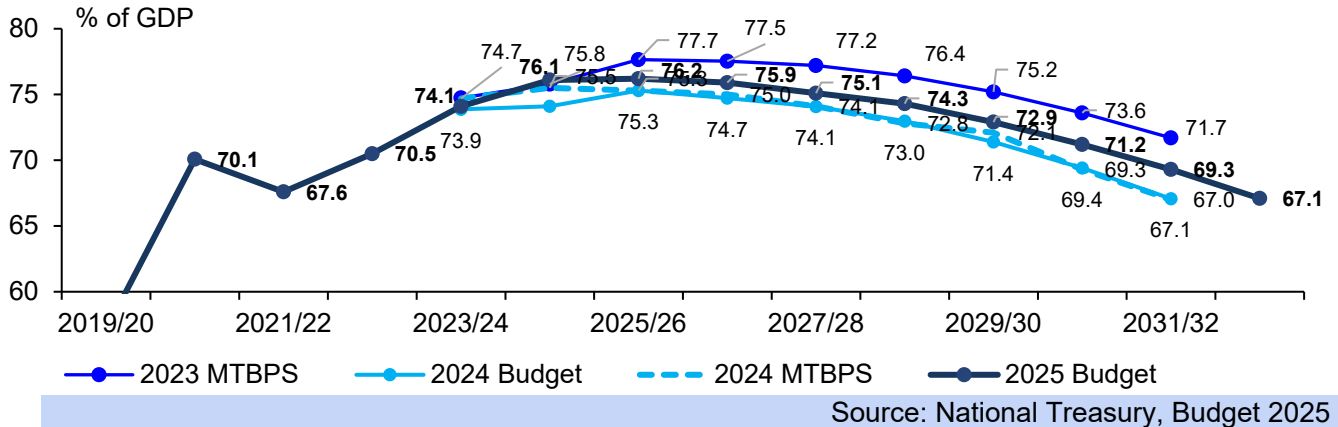


## Budget Update: an unsurprising budget, not dissimilar to the MTBPS fiscal consolidation

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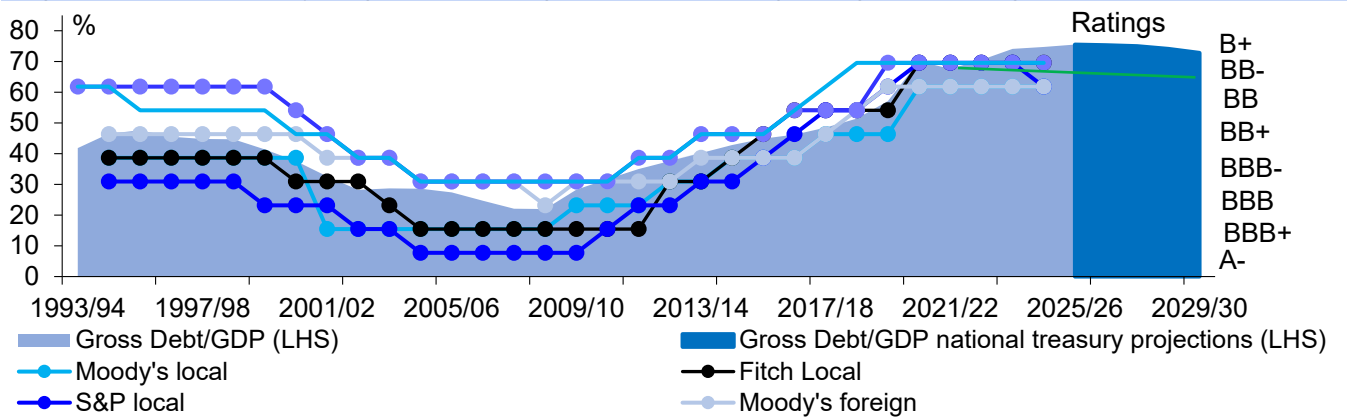


Figure 1: Gross debt-to-GDP outlook and main budget revenue and expenditure



- 2025's Budget Review saw mild near-term fiscal slippage with a weakening in government's debt to GDP projections and fiscal deficits, but then a continuation of previous projections' moves to fiscal consolidation.
- Gross debt of government is consequently now projected to stabilise at 76.2% of GDP in 2025/26. Previously the projection was estimated to peak at 75.5% in 2025/26 in the MTBPS last year.
- The budget deficit for 2025/26 is now estimated at -4.6% of GDP, widening from the prior estimate of -4.3 % of GDP, and expected to reach -3.5% by 2027/28. VAT rose by 0.5%, with no fiscal drag adjustment.
- The upwards revision of National Treasury's economic growth forecasts to 1.9% y/y from 1.7% y/y for 2025, is above our and the consensus forecast (Bloomberg, Reuters), and remains around 1.8% y/y thereafter.
- Overall, the Budget is credit neutral versus the MTBPS, with modest fiscal slippage only in the short-term and fiscal consolidation longer-term, maintaining a primary balance. The debt consolidation runs at October's MTBPS projections. The rand saw little consequent change around R18.40/USD on the Budget.
- S&P one of the three key credit rating agencies, (besides Fitch and Moody's) put SA on a positive outlook (indicating the potential for an upgrade from BB-) in November last year. S&P is unlikely to drop its positive outlook, on similar consolidation plans to October. The Budget now needs to be passed by parliament.

Figure 2: Local currency long-term sovereign debt credit ratings vs. government gross loan debt as % GDP



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### Main Budget Framework

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
R billion/percentage of GDP		Outcome		Revised		Medium-term estimates	
<b>Revenue</b>							
Gross tax revenue after proposals	1 563.8	1 686.7	1 740.9	1 846.3	2 006.1	2 163.5	2 306.2
Non-tax revenue	40.4	51.0	43.9	31.9	36.4	31.7	31.7
SACU <sup>1</sup>	-46.0	-43.7	-79.8	-89.9	-73.6	-77.7	-91.8
National Revenue Fund receipts	6.1	5.2	19.0	9.2	1.5	0.9	0.5
<b>Main budget revenue</b>	<b>1 564.3</b>	<b>1 699.2</b>	<b>1 724.0</b>	<b>1 797.6</b>	<b>1 970.5</b>	<b>2 118.4</b>	<b>2 246.6</b>
	24.7%	25.1%	24.3%	24.0%	24.6%	24.9%	24.8%
<b>Expenditure</b>							
National departments	822.8	855.9	826.9	862.3	912.8	910.2	943.9
Provinces	660.8	694.1	706.3	730.7	767.8	798.4	833.8
Local government	135.6	150.7	157.7	167.7	176.8	185.1	190.8
Contingency reserve	—	—	—	—	5.0	5.5	11.1
Provisional allocation not assigned to votes	—	—	—	—	37.1	83.0	84.7
<b>Non-interest expenditure</b>							
Debt-service costs	1 619.2	1 700.7	1 690.8	1 760.7	1 899.5	1 982.3	2 064.4
<b>Main budget expenditure</b>	268.1	308.5	356.1	389.6	424.9	449.2	478.6
	<b>1 887.3</b>	<b>2 009.2</b>	<b>2 046.9</b>	<b>2 150.3</b>	<b>2 324.4</b>	<b>2 431.5</b>	<b>2 543.0</b>
<b>Main budget balance</b>	29.8%	29.7%	28.9%	28.8%	29.1%	28.6%	28.0%
	<b>-323.0</b>	<b>-309.9</b>	<b>-322.9</b>	<b>-352.7</b>	<b>-353.9</b>	<b>-313.0</b>	<b>-296.4</b>
<b>Primary balance</b>	-5.1%	-4.6%	-4.6%	-4.7%	-4.4%	-3.7%	-3.3%
	<b>-54.9</b>	<b>-1.5</b>	<b>33.2</b>	<b>36.8</b>	<b>71.0</b>	<b>136.1</b>	<b>182.3</b>

Source: National Treasury, Budget 2025

1. Southern African Customs Union. Amounts made up of payments and other adjustments. The estimates for the next two years include projected forecast error adjustments for 2023/24 and 2024/25, respectively.

### Budget Balances

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Budget 2018							
MTBPS 2018	-4.0%						
Budget 2019	-4.0%						
MTBPS 2019	-6.2%	-5.9%					
Budget 2020	-6.2%	-5.7%					
MTBPS 2020	-10.1%	-8.6%	-7.3%				
Budget 2021	-14.0%	-9.3%	-7.3%	-6.3%			
MTBPS 2021	-6.6%	-6.0%	-5.3%	-4.9%			
Budget 2022	-5.7%	-6.0%	-4.8%	-4.2%			
MTBPS 2022	-5.1%	-4.9%	-4.1%	-3.7%	-3.3%		
Budget 2023	-5.1%	-4.5%	-3.9%	-3.6%	-3.3%		
MTBPS 2023	-5.1%	-4.6%	-4.7%	-4.3%	-4.1%	-3.7%	
Budget 2024	-5.1%	-4.6%	-4.7%	-4.3%	-3.9%	-3.4%	
MTBPS 2024	-5.1%	-4.6%	-4.5%	-5.0%	-4.3%	-3.6%	-3.2%
Budget 2025	-4.6%	-3.6%	-4.4%	-5.0%	-4.6%	-3.8%	-3.5%

Source: National Treasury, Budget 2025

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Figure 5: Bloomberg survey results for the consolidated budget deficit % GDP

	2024/25	2025/26	2026/27	2027/28
# of replies	5	6	6	5
Median	-5.0%	-4.7%	-4.2%	-3.5%
Average	-5.0%	-4.9%	-4.0%	-3.6%
High forecast	-4.6%	-4.5%	-3.2%	-2.7%
Low forecast	-5.5%	-5.5%	-4.5%	-4.3%

Source: Bloomberg

Figure 6: Bloomberg survey results for gross debt % GDP

	2024/25	2025/26	2026/27	2027/28
No. of replies	5	6	5	5
Median	76.0%	76.5%	75.9%	75.2%
Average	75.9%	76.6%	76.2%	75.5%
High Forecast	76.4%	78.2%	77.9%	77.7%
Low Forecast	75.1%	76.0%	75.0%	74.1%

Source: Bloomberg

Note: Percentages are rounded to the nearest integer and therefore may not add up to 100%

- In its latest review of SA, Standard and Poor's (S&P) credit rating agency removed the large political risk component it previously had for South Africa on the peaceful, stable nature of the elections and the formation of the Government of National Unity GNU, upgrading the credit outlook to positive.
- Noting "(s)ince the formation of the new broad coalition of 11 political parties under the Government of National Unity (GNU), debt yields, and portfolio inflows have improved, leading to easing financing conditions and currency strengthening."
- The rationale was "(t)he positive outlook reflects our view that increased political stability following the May general elections and impetus for reform could boost private investment and GDP growth."
- The rating agencies already include the SOE's debt in their debt projections for SA, and S&P notes "(w)e forecast gross general government debt rising to 80% of GDP by fiscal 2027 from 75% in fiscal 2023.
- The state projections seem better than this, with gross debt to GDP at 76.1% in 2024/25, 76.2% in 2025/26, 75.9% in 2026/27 and 75.1% in 2027/28, but government does not include the SOE's debt in their debt projections. Debt falls towards, but not to 60% of GDP, ratio sustainable for an EM.

### Total National debt, 2023/24-2027/28

End of period	2023/24	2024/25	2025/26	2026/27	2027/28
R billion	Outcome	Revised	Medium-term estimates		
Budget 2025					
Gross loan debt	5,259.4	5 693.6	6 094.2	6 463.8	6814.9
Net loan debt <sup>1</sup>	5 063.7	5 468.8	5 965.8	6 330.5	6 700.9
As percentage of GDP:					
Total gross loan debt	74.1	76.1	76.2	75.9	75.1
Total net loan debt	71.4	73.1	74.6	74.4	73.9

Source: National Treasury, Budget 2025

1. Net loan debt is gross loan debt minus the bank balances of the National Revenue Fund

## Budget Update: an unsurprising budget, not dissimilar to the MTBPS fiscal consolidation

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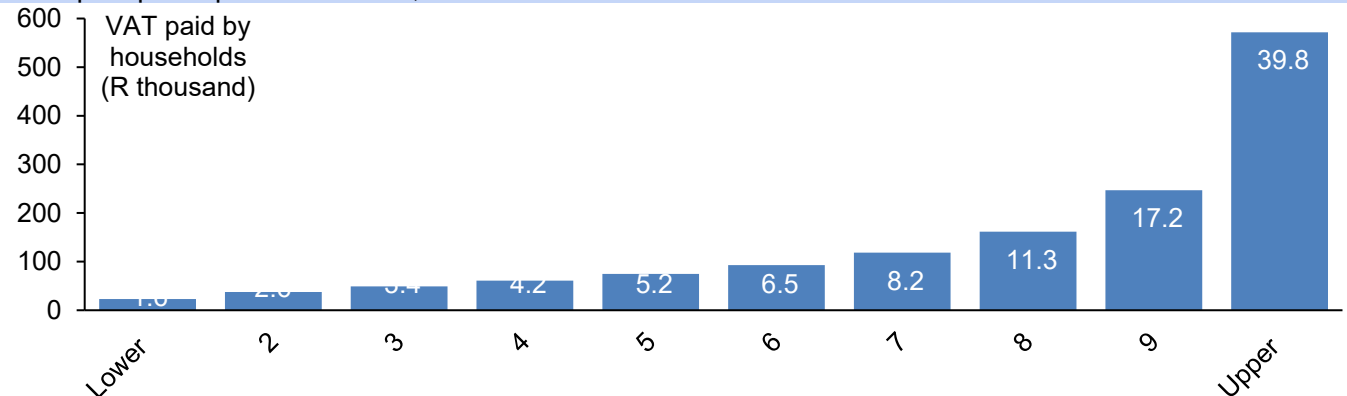
### Total National debt, 2023/24-2027/28

End of Period	2023/24	2024/25	2025/26	2026/27	2027/28
R billion	Outcome	Revised	Medium-term estimates		
MTBPS 2024					
Gross loan debt	5,259.4	5,622.5	6,054.7	6,424.4	6,817.5
Net loan debt <sup>1</sup>	5,063.7	5,465.6	5,958.3	6,329.4	6,713.7
As percentage of GDP:					
Total gross loan debt	74.1%	74.7%	75.5%	75.3%	75.0%
Total net loan debt	71.4%	72.6%	74.3%	74.2%	73.8%

Source: National Treasury, MTBPS October 2024

1. Net loan debt is gross loan debt minus the bank balances of the National Revenue Fund

### VAT paid per expenditure decile, 2022/23



Source: National Treasury, Budget 2025

### Revised gross tax revenue projections

	2024/25	2025/26	2026/27	2027/28
<b>Revised estimate</b>	<b>1 843.7</b>	<b>2 032.1</b>	<b>2 175.9</b>	<b>2 319.2</b>
Buoyancy	1.09	1.45	1.10	1.00
<b>2024 MTBPS</b>	<b>1 840.8</b>	<b>1 971.8</b>	<b>2 111.1</b>	<b>2 255.2</b>
Buoyancy	0.95	1.09	1.09	1.04
<b>2024 Budget</b>	<b>1 863.0</b>	<b>1 991.2</b>	<b>2 133.0</b>	
Buoyancy	1.33	1.11	1.11	
<b>2025 Budget</b>	<b>24.5%</b>	<b>25.1%</b>	<b>25.4%</b>	<b>25.4%</b>
Buoyancy	1.12	1.24	1.22	1.01

Source: National Treasury, Budget 2025

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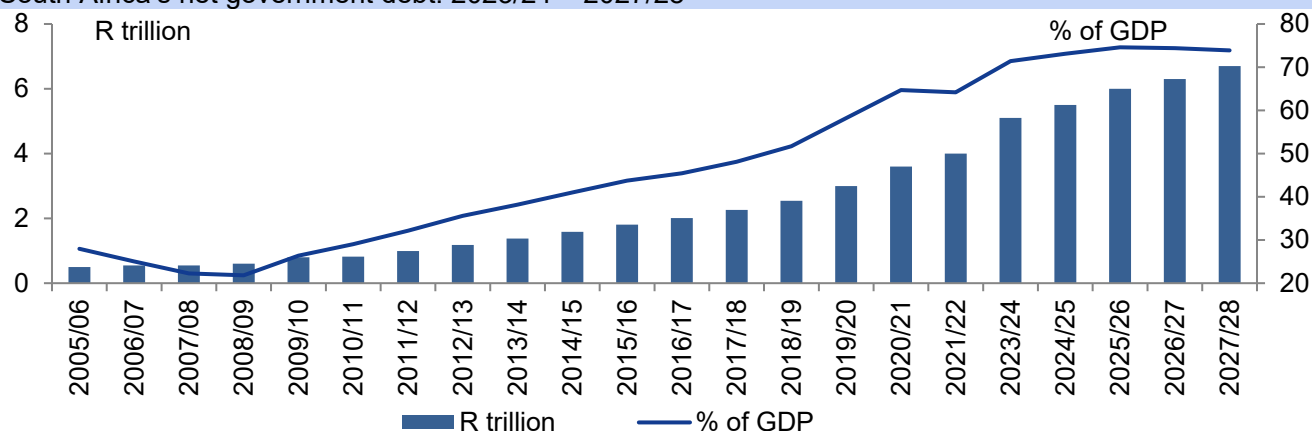
### Main Budget Framework

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
R billion/percentage of GDP		Outcome		Revised	Medium-term estimates		
<b>Main budget revenue</b>	<b>1 564.3</b>	<b>1 699.2</b>	<b>1 724.0</b>	<b>1 797.6</b>	<b>1 970.5</b>	<b>2 118.4</b>	<b>2 246.6</b>
	24.7%	25.1%	24.3%	24.0%	24.6%	24.9%	24.8%
<b>Main budget expenditure</b>	<b>1 887.3</b>	<b>2 009.2</b>	<b>2 046.9</b>	<b>2 150.3</b>	<b>2 324.4</b>	<b>2 431.5</b>	<b>2 543.0</b>
	29.8%	29.7%	28.9%	28.8%	29.1%	28.6%	28.0%
<b>Non-interest expenditure</b>	<b>1 619.2</b>	<b>1 700.7</b>	<b>1 690.8</b>	<b>1 760.7</b>	<b>1 899.5</b>	<b>1 982.3</b>	<b>2 064.4</b>
Debt-service costs	268.1	308.5	356.1	389.6	424.9	449.2	478.6
<b>Main budget balance</b>	<b>-323.0</b>	<b>-309.9</b>	<b>-322.9</b>	<b>-352.7</b>	<b>-353.9</b>	<b>-313.0</b>	<b>-296.4</b>
	-5.1%	-4.6%	-4.6%	-4.7%	-4.4%	-3.7%	-3.3%
<b>Primary balance</b>	<b>-54.9</b>	<b>-1.5</b>	<b>33.2</b>	<b>36.8</b>	<b>71.0</b>	<b>136.1</b>	<b>182.3</b>
	-0.9%	-0.0%	0.5%	0.5%	0.9%	1.6%	2.0%

Source: National Treasury, Budget 2025

- S&P notes for 2024 “(w)e expect real GDP growth to pick up slightly to 1.0% this year from 0.7% in 2023, as more private sector-driven electricity supply comes onstream. Loadshedding peaked in 2023, and we expect electricity shortages to be less acute.” GDP growth disappointed last year at 0.6% y/y.
- The rating agency adds that it forecasts “higher growth of 1.4% on average over the next three years, partly supported by slowing inflation and declining interest rates, as well as the recent two-pot retirement system that allows people to partially withdraw funds from their retirement accounts. Our projections are slightly lower than the government's largely because of our less-supportive view on investment.”
- “South Africa's stance on the Israel-Hamas war and relations with Russia have caused some tension with key Western trade partners and within the GNU coalition. The country benefits from preferential trade access to the U.S. under the African Growth and Opportunity Act (AGOA), although this could come under review with the newly elected U.S. government. We do not expect a material economic impact from a potential AGOA repeal, but geopolitical strains could lead to weaker investor sentiment.”

### South Africa's net government debt: 2023/24 – 2027/28



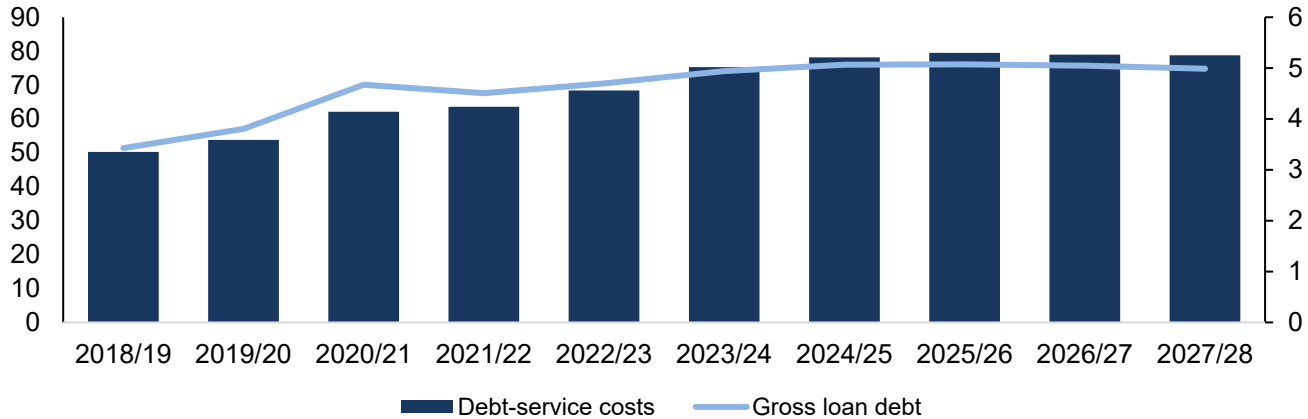
Source: National Treasury, Budget 2025

## Budget Update: an unsurprising budget, not dissimilar to the MTBPS fiscal consolidation

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Figure 13: Gross loan debt and debt service costs



Source: National Treasury

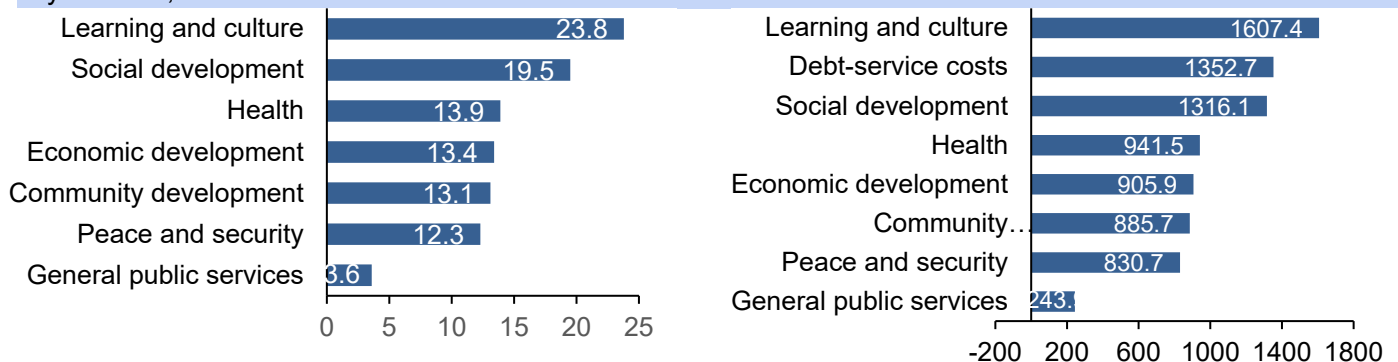
### Total national government debt

End of period	2023/24	2024/25	2025/26	2027/28	2028/29
R billion	Outcome	Revised	Medium-term estimates		
<b>Domestic loans</b>	<b>4 667.8</b>	<b>5 095.3</b>	<b>5 440.4</b>	<b>5 754.9</b>	<b>6 026.5</b>
Short-term	511.2	549.5	587.6	623.5	671.5
Long-term	4 156.6	4 545.8	4 852.8	5 131.4	5 355.0
<b>Foreign loans<sup>1</sup></b>	<b>591.6</b>	<b>598.3</b>	<b>653.9</b>	<b>708.9</b>	<b>788.4</b>
<b>Gross loan debt</b>	<b>5 259.4</b>	<b>5 693.6</b>	<b>6 094.2</b>	<b>6 463.8</b>	<b>6 814.9</b>
Less: National Revenue Fund bank balances	-195.7	-224.8	-128.4	-133.3	-114.0
<b>Net loan debt<sup>2</sup></b>	<b>5 063.7</b>	<b>5 468.8</b>	<b>5 965.8</b>	<b>6 330.5</b>	<b>6 700.9</b>
<i>As percentage of GDP:</i>					
Gross loan debt	74.1	76.1	76.2	75.9	75.1
Net loan debt	71.4	73.1	74.6	74.4	73.9

Source: National Treasury, Budget 2025

Note: <sup>1</sup> Estimates include revaluation based on National Treasury's projections of inflation and exchange rates

Figure 15: % of total MTEF allocation by function, 2025/26-2027/28 and consolidated government expenditure by function, 2025/26-2027/28



Source: National Treasury, National Treasury, Budget 2025

\*Excludes debt-service costs

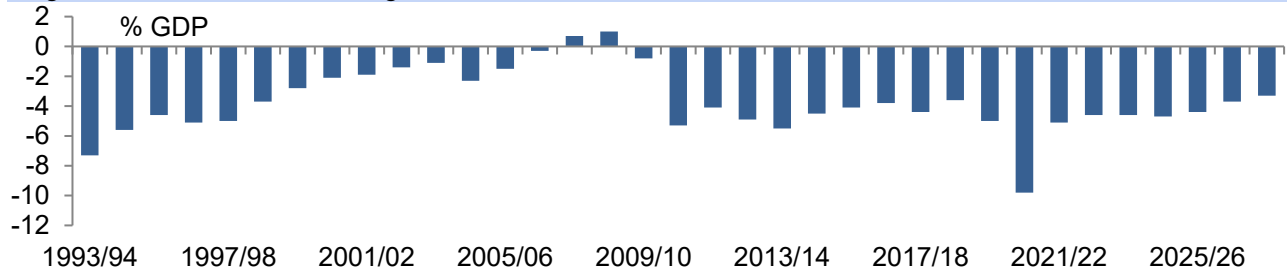


## Budget Update: an unsurprising budget, not dissimilar to the MTBPS fiscal consolidation

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Figure 16: Government's budget balance



Source: National Treasury, Budget 2025

- The Budget's tax proposals total R28bn. The additional revenue raised mainly comes from no adjustment for fiscal drag, i.e. no adjustment for the effect of inflation on income taxation, totalling R18bn followed by R13.5b from the 0.5% VAT increase. Medium-term, revenue is just under 28% of GDP.
- The 2025 tax proposals increase the overall tax burden, raising the tax take to fund increased expenditure, which rises to 32.4% of GDP this year, but then drops back to near 31% by 2027/28.
- Gross tax revenue for 2024/25 is estimated at R1.85 trillion, R16.7bn below the 2024 Budget projection.
- The average tax-to-GDP ratio is 25.3% from 2025/26 to 2027/28, high for a slow growth EM.
- The budget is highly redistributive, with the social wage (social grant payments, free basic services etc) accounting for 61% of total non-interest spending over the next three years.
- Gross government debt is projected at R5.69 trillion (76.1% of GDP) this year, as debt-service costs stabilise at 22% of revenue. "Government's fiscal strategy is on track to strengthen the public finances", as borrowing projections fall from 2026/27 as % of GDP.
- Consolidated government spending increases at an annual average of 5.6%, from R2.4 trillion in 2024/25 to R2.83 trillion in 2027/28, with another 0.5% increase in VAT next year (after this year's VAT hike).

Figure 17: Consolidated government expenditure, 2024/25 -2027/28

	2024/25	2025/26	2026/27	2027/28	Avg Annual MTEF growth
R billion	Revised	Medium-term estimates			
Learning and culture	482.3	508.7	536.4	562.4	5.2%
Health	277.2	298.9	313.7	328.9	5.9%
Social development	397.0	422.3	441.1	452.7	4.5%
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	266.1	277.6	287.0	4.7%
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	
<b>Allocated expenditure</b>	<b>2 014.4</b>	<b>2 162.4</b>	<b>2 248.3</b>	<b>2 345.1</b>	<b>5.2%</b>
Debt-service costs	389.6	424.9	449.2	478.6	7.1%
Contingency reserve	—	5.0	5.5	11.1	
<b>Consolidated expenditure<sup>1</sup></b>	<b>2 404.0</b>	<b>2 592.3</b>	<b>2 703.0</b>	<b>2 834.9</b>	<b>5.6%</b>

Source: National Treasury, Budget 2025

<sup>1</sup>Consisting of national and provincial government, social security funds and selected public entities.

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### Main budget expenditure ceiling

R million	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
2022 MTBPS	1,566,490	1,667,118	1,665,349	1,744,762	1,832,678		
2023 Budget	1,566,498	1,653,459	1,671,030	1,750,276	1,842,572		
2023 MTBPS	1,566,327	1,657,767	1,667,370	1,713,335	1,795,241	1,884,736	
2024 Budget	1,566,327	1,657,767	1,664,709	1,729,270	1,814,458	1,904,385	
2024 MTBPS	1,566,327	1,657,767	1,667,279	1,737,561	1,831,282	1,921,178	2,006,290
2025 Budget	1 887.3	2 009.2	2 046.9	2 150.3	2 324.4	2 431.5	2 543.0

Source: National Treasury, Budget 2025

### Figure 19: Division of revenue

R billion	2023/24	2024/25	2025/26	2026/27	2027/28
National allocations	826.9	862.3	912.8	910.2	943.9
Provincial allocations	706.3	730.7	767.8	798.4	833.8
Equitable share	585.1	600.5	633.2	660.6	690.2
Conditional grants	121.2	130.2	134.6	137.9	143.6
Local government allocations	157.7	167.7	176.8	185.1	190.8
Provisional allocations not assigned to votes	–	–	37.1	83.0	84.7
assigned to votes					
<b>Non-interest allocations</b>	<b>1 690.8</b>	<b>1 760.7</b>	<b>1 894.5</b>	<b>1 976.8</b>	<b>2 053.3</b>
<b>Main budget expenditure</b>	<b>2 046.9</b>	<b>2 150.3</b>	<b>2 324.4</b>	<b>2 431.5</b>	<b>2 543.0</b>
Percentage shares					
National	48.9%	49.0%	49.1%	48.1%	48.0%
Provincial	41.8%	41.5%	41.3%	42.2%	42.4%
Local government	9.3%	9.5%	9.5%	9.8%	9.7%

Source: National Treasury, Budget 2025

### Impact of tax proposals on medium-term revenue

	2025/26	2026/27	2027/28
	Effect of tax proposals		
<b>Gross tax revenue (before 2025 Budget tax proposals)</b>	<b>1 942 458</b>	<b>2 074 258</b>	<b>2 199 800</b>
<b>Budget 2025/26: Net impact of tax proposals</b>	<b>28 000</b>	<b>44 158</b>	<b>46 845</b>
<b>Direct taxes<sup>3</sup></b>	<b>19 500</b>	<b>20 634</b>	<b>21 960</b>
<b>Personal income tax</b>			
No inflationary adjustment to tax brackets and rebates	18 000	19 067	20 324
No inflationary adjustment to medical tax credits	1 500	1 567	1 636
<b>Indirect taxes<sup>3</sup></b>	<b>8 500</b>	<b>23 523</b>	<b>24 885</b>
<b>Value-added tax (VAT)</b>			
Increase in VAT rate – 2025/26	13 500	14 344	15 196
Increase in VAT rate – 2026/27	-	15 500	16 420
Additional zero rating	-2 000	-2 128	-2 262
<b>Fuel levy</b>			
No adjustment to general fuel levy	-4 000	-4 257	-4 535
Diesel refund relief for primary sectors	-	-1 000	-1 065
<b>Specific excise duties</b>			
Above-inflation increase in excise duties on alcohol and tobacco	1 000	1 064	1 131
<b>Gross tax revenue (after tax proposals)</b>	<b>1 970 458</b>	<b>2 118 416</b>	<b>2 246 645</b>
<b>% change from previous year</b>	<b>9.6%</b>	<b>7.5%</b>	<b>6.1%</b>

Source: National Treasury, Budget 2025

1. Revenue changes are in relation to thresholds that have been fully adjusted for inflation

2. In-year tax increase with no carry through

3. Includes carry-through effect of tax policy proposals

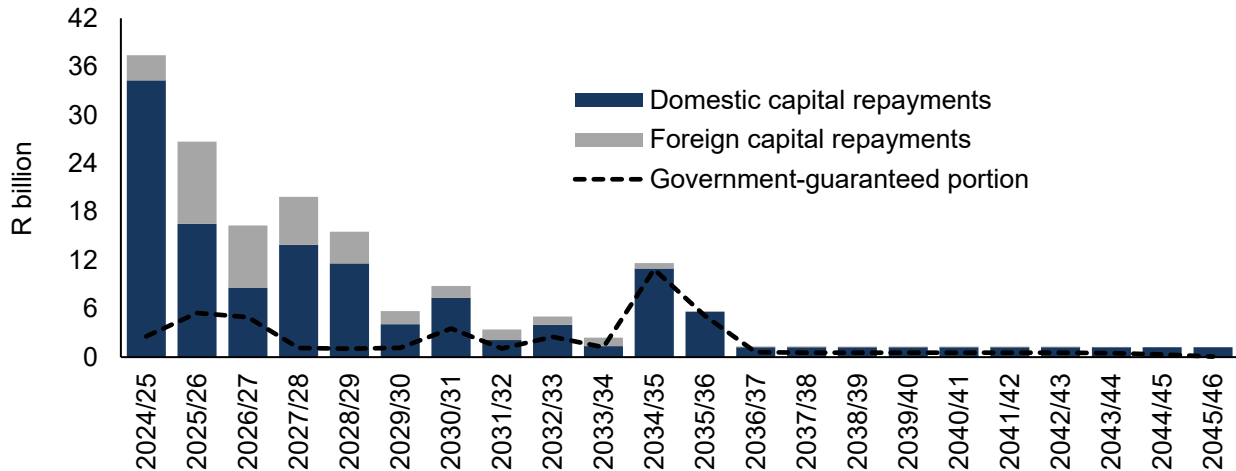


## Budget Update: an unsurprising budget, not dissimilar to the MTBPS fiscal consolidation

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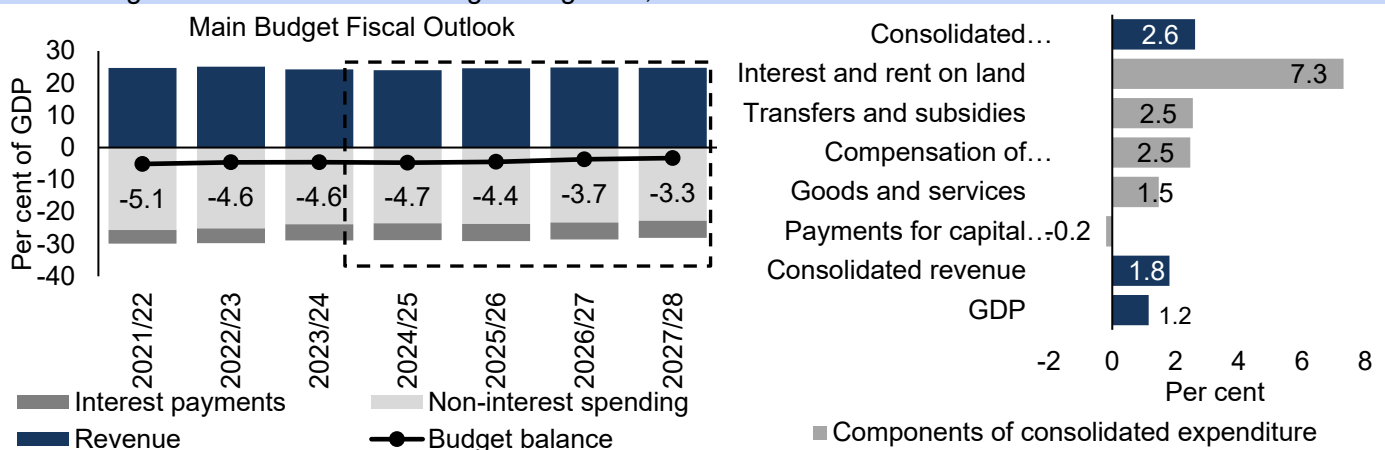
Figure 21: Debt maturity profile of major state-owned companies\*



Source: National Treasury, Budget 2025

- Growth promoting investments in infrastructure are prioritised, focussing on transportation, rail, water and electricity.
- “Supporting growth-enhancing public infrastructure investment” is one of government’s four key priorities by which its medium-term strategy is anchored.
- The others include, “(m)aintaining macroeconomic stability; (i)mplementing structural reforms and (b)uilding state capability”.
- Moreover, a marked percentage of non-interest spending is apportioned to the social wage over the next three years, according to Treasury, with a focus on “health, education, social protection, community development and employment programmes”.
- Real (adjusted for inflation) increases in social grants will provide support to the vulnerable in the face of the 0.5% hike in VAT in 2025/2026 and 2026/2027.

Main budget fiscal outlook and average real growth, 2008/09-2023/24



Source: National Treasury, Budget 2025

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Figure 23: Consolidated government expenditure by functions<sup>1</sup>

R billion	2024/25 Revised estimate	2025/26	2026/27	2027/28	Percentage of total MTEF	Average annual MTEF growth
		Medium-term estimates				
<b>Learning and culture</b>	<b>482,326</b>	<b>508,685</b>	<b>536,359</b>	<b>562,393</b>	<b>23.8%</b>	<b>5.3%</b>
Basic education	324,856	349,582	369,280	385,981	16.4%	5.9%
Post-school education and training	145,207	146,640	154,343	163,194	6.9%	4.0%
Arts, culture, sport and recreation	12,264	12,462	12,735	13,218	0.6%	2.5%
<b>Health</b>	<b>277,229</b>	<b>298,894</b>	<b>313,698</b>	<b>328,890</b>	<b>13.9%</b>	<b>5.9%</b>
<b>Social development</b>	<b>396,970</b>	<b>422,307</b>	<b>441,107</b>	<b>452,683</b>	<b>19.5%</b>	<b>4.5%</b>
Social protection	300,157	322,852	342,102	350,319	15.0%	5.3%
Social security funds	96,813	99,455	99,006	102,363	4.5%	1.9%
<b>Community development</b>	<b>267,800</b>	<b>286,603</b>	<b>293,499</b>	<b>305,611</b>	<b>13.1%</b>	<b>4.5%</b>
<b>Economic development</b>	<b>252,354</b>	<b>289,758</b>	<b>297,788</b>	<b>318,400</b>	<b>13.4%</b>	<b>8.1%</b>
Industrialisation and exports	39,379	40,760	41,402	43,400	1.9%	3.3%
Agriculture and rural development	28,600	29,383	30,634	31,917	1.4%	3.7%
Job creation and labour affairs	21,567	23,658	25,286	26,964	1.1%	7.7%
Economic regulation and infrastructure	143,280	175,738	179,033	194,392	8.1%	10.7%
Innovation, science and technology	19,528	20,220	21,434	21,728	0.9%	3.6%
<b>Peace and security</b>	<b>250,372</b>	<b>266,113</b>	<b>277,566</b>	<b>287,049</b>	<b>12.3%</b>	<b>4.7%</b>
Defence and state security	57,503	60,778	63,069	65,263	2.8%	4.3%
Police services	124,919	133,379	139,517	145,296	6.2%	5.2%
Law courts and prisons	54,507	58,059	60,765	63,664	2.7%	5.3%
Home affairs	13,443	13,898	14,216	12,826	0.6%	-1.6%
<b>General public services</b>	<b>77,133</b>	<b>78,661</b>	<b>81,064</b>	<b>84,200</b>	<b>3.6%</b>	<b>3.0%</b>
Executive and legislative organs	17,639	17,837	18,023	18,728	0.8%	2.0%
Public administration and fiscal affairs	50,454	51,679	53,747	55,784	2.4%	3.4%
External affairs	9,040	9,146	9,294	9,688	0.4%	2.3%
<b>Payments for financial assets</b>	<b>10,213</b>	<b>11,416</b>	<b>7,211</b>	<b>5,903</b>		
<b>Allocated by function</b>	<b>2,014,397</b>	<b>2,162,437</b>	<b>2,248,292</b>	<b>2,345,129</b>	<b>100.0%</b>	<b>5.2%</b>
Debt-service costs	389,561	424,869	449,185	478,611		7.1%
Contingency reserve	–	5,000	5,500	11,127		
<b>Consolidated expenditure</b>	<b>2,403,958</b>	<b>2,592,306</b>	<b>2,702,978</b>	<b>2,834,867</b>		<b>5.6%</b>

Source: National Treasury, Budget 2025

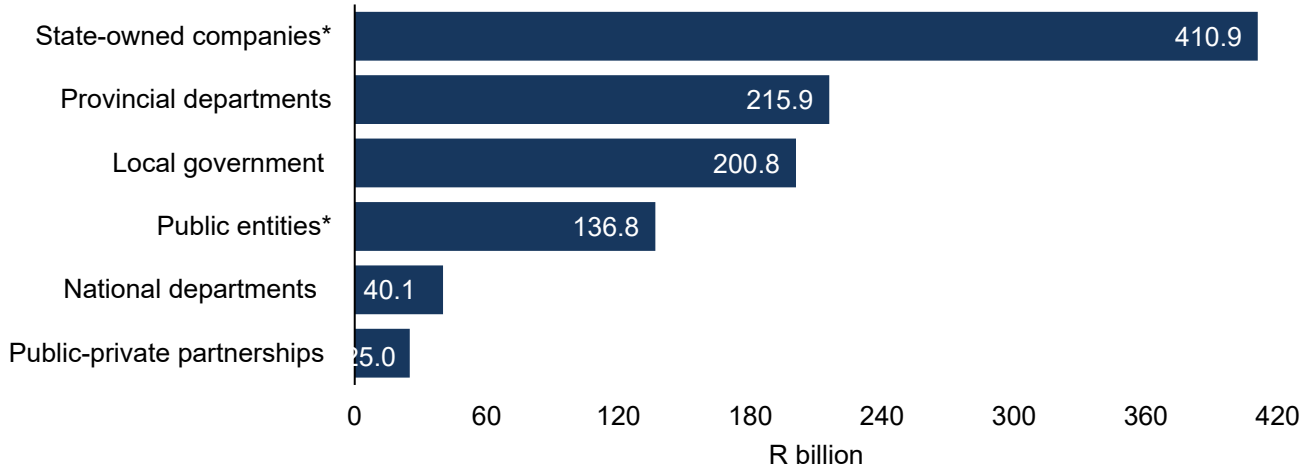
1) The main budget and spending by provinces, public entities and social security funds financed from own revenue

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Figure 24: Public sector infrastructure expenditure and estimates



Source: National Treasury, Budget 2025 and SARS

- Additionally, further items will be added to the list of zero-rated goods, to cushion the effect of the VAT increase.
- Specifically, from 1st May “edible offal of sheep, poultry, goats, swine and bovine animals; specific cuts such as heads, feet, bones and tongues; dairy liquid blend; and tinned or canned vegetables” will be exempt.
- While the 2025 public-service wage agreement reduces uncertainty over the medium-term, it remains a significant component of government expenditure, with an above inflation lift in remuneration factored in for 2025/2026 of 5.5%.
- “Government will partially draw down on the contingency reserve to meet these costs,” according to National Treasury.
- In conjunction with this is the early retirement incentive programme, highlighted in the 2024 MTBPS government plans “to reduce compensation costs while rejuvenating the public service”.

### Consolidated government fiscal framework, 2024/25 – 2027/28

	2024/25 Revised	2025/26	2026/27 Medium-term estimates	2027/28
R bn/% of GDP				
<b>Revenue</b>	<b>2,029.2</b>	<b>2,221.9</b>	<b>2,377.4</b>	<b>2,520.6</b>
	27.1%	27.8%	27.9%	27.8%
<b>Expenditure</b>	<b>2,404.0</b>	<b>2,592.3</b>	<b>2,703.0</b>	<b>2,834.9</b>
	32.1%	32.4%	31.8%	31.3%
<b>Budget balance</b>	<b>-374.7</b>	<b>-370.4</b>	<b>-325.6</b>	<b>-314.2</b>
	-5.0%	-4.6%	-3.8%	-3.5%
<b>Total gross loan debt</b>	<b>5,693.6</b>	<b>6,094.2</b>	<b>6,463.8</b>	<b>6,814.9</b>
	76.1%	76.2%	75.9%	75.1%

Source: National Treasury, Budget 2025

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### Budget estimates and revenue outcomes<sup>1</sup>

R billion	2023/24			2024/25			
	Budget <sup>2</sup>	Outcome	Deviation	Budget <sup>2</sup>	Revised	Deviation	% change <sup>3</sup>
<b>Taxes on income and profits</b>	<b>997,924</b>	<b>1,008,556</b>	<b>10,632</b>	<b>1,084,989</b>	<b>1,095,226</b>	<b>10,237</b>	<b>8.6%</b>
Personal income tax	649,783	648,911	-872	738,749	732,341	-6,409	12.9%
Corporate income tax	301,367	313,097	11,730	302,702	316,411	13,708	1.1%
Dividends tax	39,705	39,173	-532	36,142	37,732	1,590	-3.7%
Other taxes on income and profits <sup>4</sup>	7,069	7,375	305	7,395	8,743	1,348	18.6%
<b>Skills development levy</b>	<b>22,713</b>	<b>22,604</b>	<b>-109</b>	<b>24,500</b>	<b>24,493</b>	<b>-7</b>	<b>8.4%</b>
<b>Taxes on property</b>	<b>19,486</b>	<b>19,400</b>	<b>-86</b>	<b>20,600</b>	<b>21,533</b>	<b>932</b>	<b>11.0%</b>
<b>Domestic taxes on goods and services</b>	<b>616,951</b>	<b>616,459</b>	<b>-492</b>	<b>654,290</b>	<b>625,842</b>	<b>-28,449</b>	<b>1.5%</b>
Value-added tax	445,340	447,557	2,216	476,749	459,882	-16,867	2.8%
Specific excise duties	53,942	53,522	-420	58,184	58,547	362	9.4%
Health promotion levy	2,254	2,245	-9	2,398	2,306	-92	2.7%
Ad valorem excise duties	7,782	7,348	-435	6,847	6,962	116	-5.2%
Fuel levy	93,372	91,508	-1,864	95,771	83,104	-12,667	-9.2%
Other domestic taxes on goods and services <sup>5</sup>	14,261	14,280	19	14,342	15,041	700	5.3%
<b>Taxes on international trade and transactions</b>	<b>74,279</b>	<b>73,849</b>	<b>-430</b>	<b>78,655</b>	<b>79,242</b>	<b>586</b>	<b>7.3%</b>
Customs duties	72,492	70,549	-1,944	76,818	76,334	-484	8.2%
Health promotion levy on imports	107	115	8	114	138	24	20.0%
Diamond export levy	155	137	-18	163	89	-74	-35.4%
Export tax	401	411	10	422	463	42	12.7%
Miscellaneous customs and excise receipts	1,124	2,637	1,514	1,140	2,218	1,078	-15.9%
<b>Gross tax revenue</b>	<b>1,731,353</b>	<b>1,740,870</b>	<b>9,517</b>	<b>1,863,035</b>	<b>1,846,335</b>	<b>-16,700</b>	<b>6.1%</b>
Non-tax revenue <sup>6</sup>	61,294	62,944	1,650	41,856	41,104	-752	-34.7%
of which:							
Mineral and petroleum royalties	15,718	15,979	262	16,000	11,300	-4,700	-29.3%
Less: SACU <sup>7</sup> payments	-79,811	-79,811	—	-89,871	-89,874	-3	12.6%
<b>Main budget revenue</b>	<b>1,712,836</b>	<b>1,724,003</b>	<b>11,167</b>	<b>1,815,020</b>	<b>1,797,566</b>	<b>-17,455</b>	<b>4.3%</b>
Provinces, social security funds and selected public entities	208,587	223,974	15,387	221,602	231,671	10,069	3.4%
<b>Consolidated budget revenue</b>	<b>1,921,423</b>	<b>1,947,977</b>	<b>26,554</b>	<b>2,036,623</b>	<b>2,029,237</b>	<b>-7,386</b>	<b>4.2%</b>

Source: National Treasury, Budget 2025

1. A more disaggregated view is presented in Tables 2 and 3 of the statistical annexure

2. 2024 Budget Review estimates

3. Percentage change between outcome in 2023/24 and revised estimate in 2024/25

4. Includes interest on overdue income tax and interest withholding tax

5. Includes turnover tax for micro businesses, air departure tax, plastic bag levy, electricity levy, CO<sub>2</sub> tax on motor vehicle emissions, incandescent light bulb levy, Universal Service Fund, tyre levy, carbon tax and International Oil Pollution Compensation Fund

6. Includes mineral and petroleum royalties, mining leases, departmental revenue and sales of capital assets

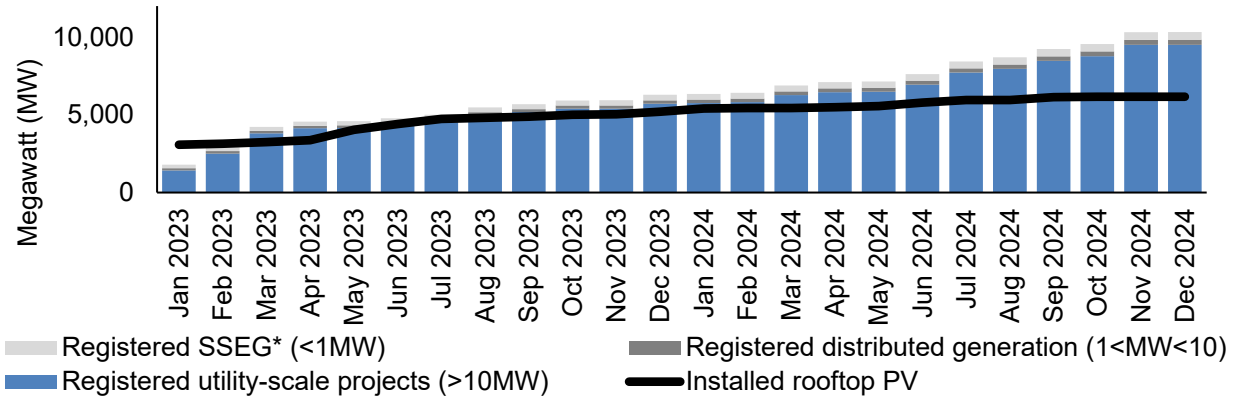
7. Southern African Customs Union. Amounts made up of payments and other adjustments

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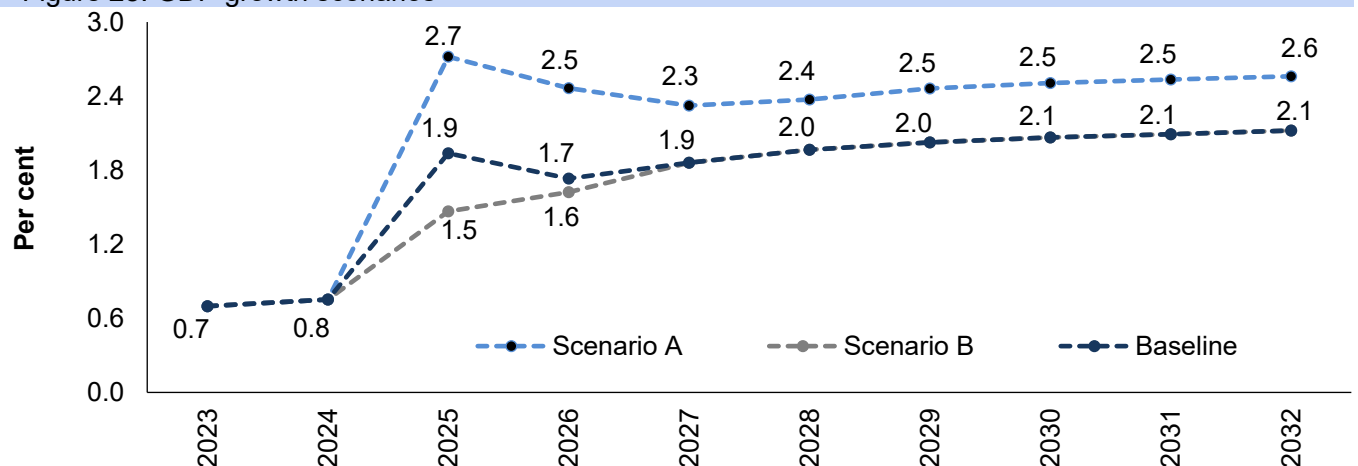
Figure 27: Registered and installed photovoltaic capacity



Source: National Treasury, Budget 2025

- The bailout of underperforming SOEs (State Owned Entities) has placed significant pressure on the fiscus, crowding out essential investment in other crucial areas.
- Indeed, “government’s decision to provide Eskom with debt relief amounting to R254 billion” was outlined in the 2023 Budget Review.
- By the end of this month “government will have advanced R140 billion in debt relief to Eskom”.
- Favourably, “the final phase of the debt relief” has been “simplified”, with the change evincing “some improvement in the utility’s financial position flowing from the interventions to date”
- Specifically, “over the five-year period, government will have provided Eskom with loans to the value of R230 billion to assist the utility in repaying its debt”, around “R24 billion less than projected at the outset, reducing the gross borrowing requirement”.

Figure 28: GDP growth scenarios



Source: National Treasury

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### Financing of national government gross borrowing requirement <sup>1</sup>

R million	2023/24 Outcome	2024/25 Budget	2024/25 Revised	2025/26	2026/27 Medium-term estimates	2027/28
<b>Main budget balance</b>	<b>-322,916</b>	<b>-320,946</b>	<b>-352,722</b>	<b>-353,896</b>	<b>-313,047</b>	<b>-296,352</b>
<b>Redemptions</b>	<b>-144,395</b>	<b>-172,568</b>	<b>-98,802</b>	<b>-172,838</b>	<b>-152,961</b>	<b>-303,679</b>
Domestic long-term loans	-97,250	-132,087	-61,538	-112,252	-112,252	-277,184
Foreign loans	-47,145	-40,481	-37,264	-60,586	-40,709	-26,495
<b>Eskom debt-relief arrangement</b>	<b>-76,000</b>	<b>-64,154</b>	<b>-64,154</b>	<b>-80,223</b>	<b>-</b>	<b>-</b>
<b>G FECRA settlement (net)<sup>4</sup></b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>
<b>Total</b>	<b>-543,311</b>	<b>-457,669</b>	<b>-415,678</b>	<b>-581,957</b>	<b>-441,008</b>	<b>-600,031</b>
<b>Financing</b>						
<b>Domestic short-term loans</b>	<b>88,745</b>	<b>33,000</b>	<b>38,932</b>	<b>38,100</b>	<b>35,900</b>	<b>48,000</b>
Treasury bills (net)	88,084	33,000	38,932	38,100	35,900	48,000
Corporation for Public Deposits	661	-	-	-	-	-
<b>Domestic long-term loans</b>	<b>336,239</b>	<b>328,100</b>	<b>345,000</b>	<b>343,200</b>	<b>323,400</b>	<b>431,700</b>
Market loans	336,079	328,100	343,933	343,200	323,400	431,700
Loans issued for switches	824	-	1,067	-	-	-
Loans issued for repos (net)	-664	-	-	-	-	-
<b>Foreign loans</b>	<b>45,663</b>	<b>36,700</b>	<b>67,027</b>	<b>99,342</b>	<b>82,101</b>	<b>96,658</b>
Market loans	45,663	36,700	67,027	99,342	82,101	96,658
<b>Change in cash and other balances<sup>2</sup></b>	<b>72,664</b>	<b>59,869</b>	<b>-35,281</b>	<b>101,314</b>	<b>-393</b>	<b>23,674</b>
Cash balances	42,672	53,112	-39,510	96,358	-4,537	19,354
Other balances <sup>3</sup>	29,992	6,757	4,229	4,956	4,144	4,320
<b>Total</b>	<b>543,311</b>	<b>457,669</b>	<b>415,678</b>	<b>581,957</b>	<b>441,008</b>	<b>600,031</b>
<b>Percentage of GDP</b>	<b>7.7%</b>	<b>6.1%</b>	<b>5.6%</b>	<b>7.3%</b>	<b>5.2%</b>	<b>6.6%</b>

Source: National Treasury, Budget 2025

1. A longer time series is presented in Table 1 of the statistical annexure at the back of the Budget Review
2. A positive value indicates that cash is used to finance part of the borrowing requirement
3. Differences between funds requested and actual cash flows of national departments
4. In 2024/25, the Reserve Bank will pay R200 billion to government in partial settlement of the G FECRA balances. Of this amount government will pay the Reserve Bank R100 billion towards the contingency reserve

### Combined financial position of public institutions

R billion/% of GDP	2021/22	2022/23	2023/24
State-owned companies	419.0	422.0	398.8
Development finance institutions	157.6	161.9	166.1
Social security funds	-182.6	-158.1	-128.9
Other public entities <sup>1</sup>	942.7	1,160.8	1,274.3

Source: National Treasury, Budget 2025

1. State-owned institutions without a commercial mandate and listed in either schedule 1 or 3 of the PFMA such as the National Library of South Africa



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### Consolidated budget balance

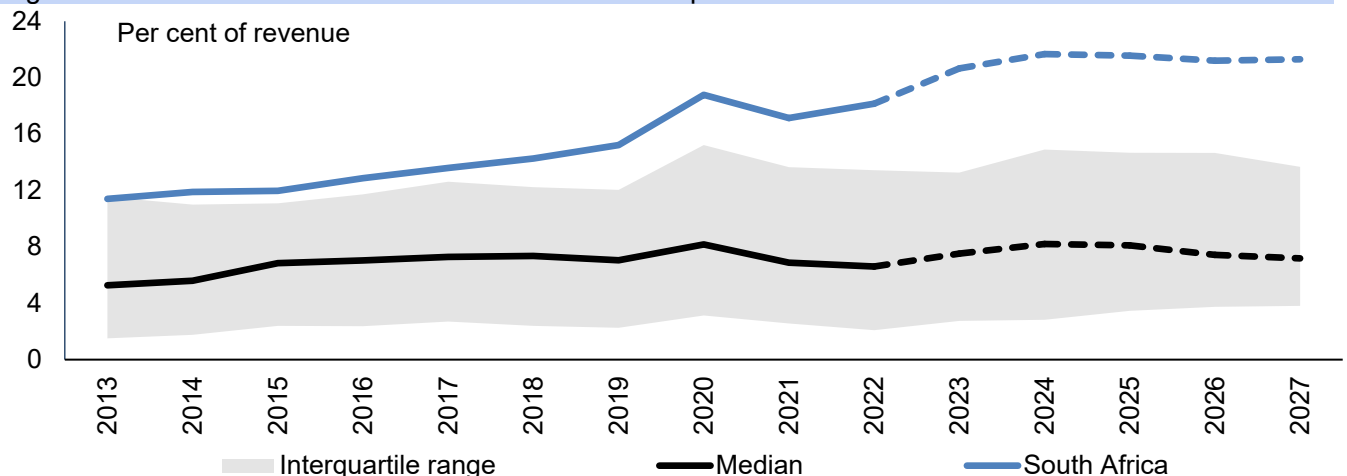
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>R billion</b>							
	<b>Outcome</b>		<b>Revised</b>		<b>Medium-term estimates</b>		
Main budget	-323.0	-309.9	-322.9	-352.7	-353.9	-313.0	-296.4
Social security funds	-6.2	8.6	10.9	-8.1	-5.7	-2.6	-3.1
Provinces	2.1	13.4	-6.2	-6.4	1.9	2.3	3.5
Public entities	35.1	43.0	6.6	-7.6	-13.1	-12.8	-18.9
RDP Fund <sup>1</sup>	-0.6	0.2	0.0	0.2	0.4	0.5	0.7
<b>Consolidated budget balance</b>	<b>-292.6</b>	<b>-244.6</b>	<b>-311.6</b>	<b>-374.7</b>	<b>-370.4</b>	<b>-325.6</b>	<b>-314.2</b>

Source: National Treasury, Budget 2025

1. Reconstruction and Development Programme Fund

- Besides the VAT increase, personal income tax brackets and rebates will not be adjusted for inflation in 2025/26.
- Specifically, the personal income tax proposal is expected to raise revenue of R19.5 billion and will become effective as of March 2025. There is also no adjustment to medical tax credits.
- Government expects to earn more than R811 billion in personal income tax compared to R650 billion in the last two financial years. Personal income tax collection now exceeds company income tax in the coming year, expected to be R331 billion.
- Moreover, government proposes to keep the general fuel levy unchanged for 2025/26, resulting in tax relief of about R4 billion.
- The Road Accident Fund (RAF) levy and the customs and excise levy will also remain unchanged.

Figure 32: Debt-service cost trends in South Africa and peers\*



Source: National Treasury, Budget 2025

\*Consists of 84 emerging market economies

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Figure 33: Consolidated government expenditure by economic classification<sup>1</sup>

R million	2024/25 Revised estimate	2025/26 Medium-term estimates	2026/27	2027/28	% of total MTEF	Average annual MTEF
<b>Current payments</b>	<b>1,487,471</b>	<b>1,608,262</b>	<b>1,685,081</b>	<b>1,770,794</b>	<b>62.5%</b>	<b>6.0%</b>
Compensation of employees	763,082	822,781	861,932	900,049	31.9%	5.7%
Goods and services	326,486	352,071	364,773	382,078	13.6%	5.4%
Interest and rent on land	397,903	433,410	458,375	488,667	17.0%	7.1%
<i>of which:</i>						
<i>Debt-service costs</i>	<i>389,561</i>	<i>424,869</i>	<i>449,185</i>	<i>478,611</i>	<i>16.7%</i>	<i>7.1%</i>
<b>Transfers and subsidies</b>	<b>789,808</b>	<b>832,413</b>	<b>869,493</b>	<b>899,913</b>	<b>32.1%</b>	<b>4.4%</b>
Municipalities	179,968	192,891	201,464	209,670	7.4%	5.2%
Departmental agencies and accounts	30,078	27,808	28,950	29,458	1.1%	-0.7%
Higher education institutions	54,565	55,675	58,499	61,766	2.2%	4.2%
Foreign governments and international organisations	3,213	3,767	3,897	4,030	0.1%	7.8%
Public corporations and private enterprises	41,803	42,851	45,684	45,236	1.6%	2.7%
Non-profit institutions	39,828	42,857	45,904	49,264	1.7%	7.3%
Households	440,354	466,564	485,096	500,490	17.9%	4.4%
<b>Payments for capital assets</b>	<b>116,466</b>	<b>135,215</b>	<b>135,692</b>	<b>147,130</b>	<b>5.2%</b>	<b>8.1%</b>
Buildings and other fixed structures	81,563	99,788	100,531	109,240	3.8%	10.2%
Machinery and equipment	30,355	31,953	32,516	35,187	1.2%	5.0%
Other capital assets	4,548	3,474	2,646	2,703	0.1%	-15.9%
<b>Payments for financial assets</b>	<b>10,213</b>	<b>11,416</b>	<b>7,211</b>	<b>5,903</b>		
<b>Total</b>	<b>2,403,958</b>	<b>2,587,306</b>	<b>2,697,477</b>	<b>2,823,741</b>	<b>100.0%</b>	<b>5.5%</b>
Contingency reserve	–	5,000	5,500	11,127		
<b>Consolidated expenditure</b>	<b>2,403,958</b>	<b>2,592,306</b>	<b>2,702,978</b>	<b>2,834,867</b>		<b>5.6%</b>

Source: National Treasury, Budget 2025

1) The main budget and spending by provinces, public entities and social security funds financed from own revenue

Figure 34: Average monthly social grant values

Rand	2024/25	2025/26	Percentage increase
Old age	2,185	2,315	5.9%
War veterans	2,205	2,335	5.9%
Disability	2,185	2,315	5.9%
Foster care	1,180	1,250	5.9%
Care dependency	2,185	2,315	5.9%
Child support	530	560	5.7%
Grant-in-aid	530	560	5.7%

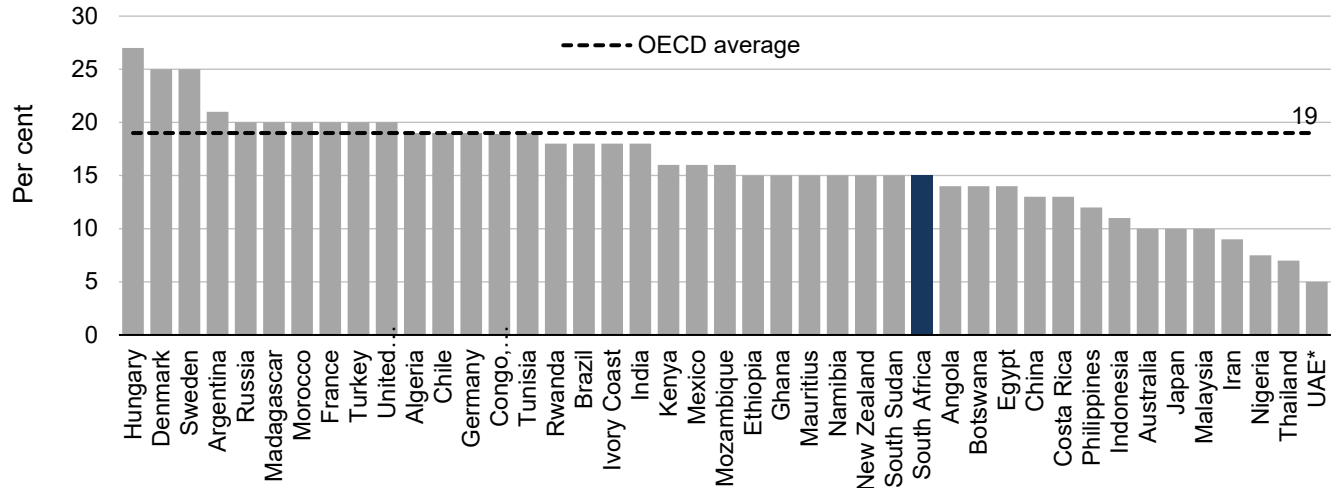
Source: National Treasury, Budget 2025

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Figure 35: Comparative standard VAT rates by country, 2024/25



Source: National Treasury, Budget 2025

\*UAE refers to United Arab Emirates

- With carbon tax playing such an important role in mitigating climate change efforts, government proposes an increase from R190 to R236 per tonne of carbon dioxide equivalent (tCO<sub>2</sub>e) from 1 January 2025.
- The carbon fuel levy will also increase by 3c/litre to 14c/litre for petrol and 17c/litre for diesel, as required under the Carbon Tax Act (2019).
- The threshold for transfer duties will increase by 10% from 1 April, which is good news for potential home buyers.
- "An inflationary increase in the health promotion levy was due to take effect from 1 April 2025. Government proposes to cancel this increase to allow the sugar industry more time to restructure in response to regional competition," according to Treasury.

Figure 36: Total combined fuel taxes on petrol and diesel

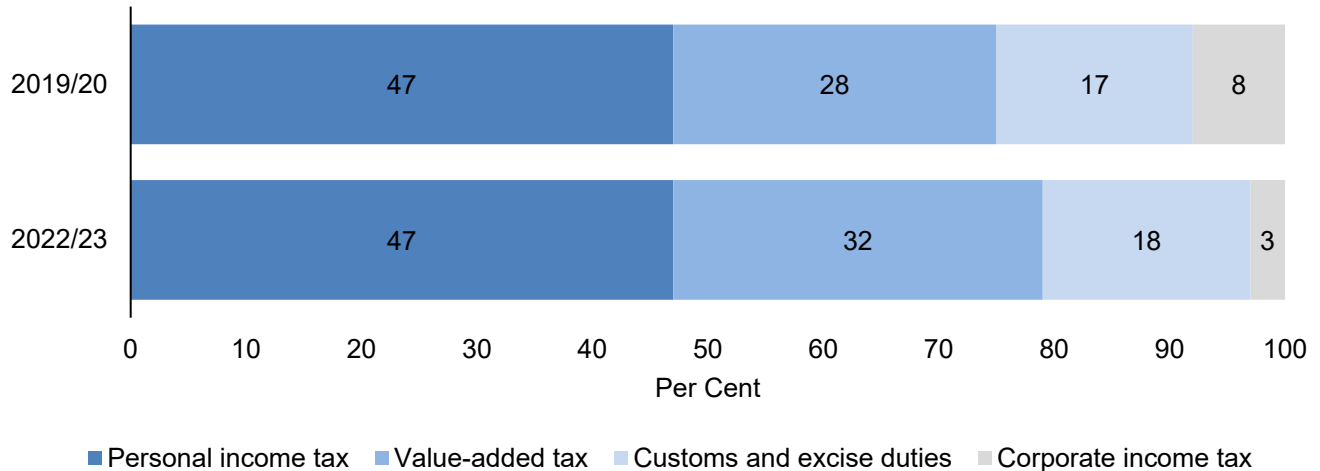
	2023/24		2024/25		2025/26	
	93 octane petrol	Diesel	93 octane petrol	Diesel	93 octane petrol	Diesel
General fuel levy	3.85	3.70	3.85	3.70	3.85	3.70
Road Accident Fund levy	2.18	2.18	2.18	2.18	2.18	2.18
Customs and excise levy	0.04	0.04	0.04	0.04	0.04	0.04
Carbon tax <sup>1</sup>	0.10	0.11	0.11	0.14	0.14	0.17
<b>Total</b>	<b>6.17</b>	<b>6.03</b>	<b>6.18</b>	<b>6.06</b>	<b>6.21</b>	<b>6.09</b>
Pump price <sup>2</sup>	23.10	21.54	22.51	20.20	22.09	20.16
Taxes as percentage of pump price	26.7%	28.0%	27.5%	30.0%	28.1%	30.2%

Source: National Treasury, Budget 2025

- The carbon tax on fuel became effective from 5 June 2019
- Average Gauteng pump price for the 2023/24 and 2024/25 years. The 2025/26 figure is the Gauteng pump price in March 2025. Diesel (0.05% sulphur) wholesale price (retail price not regulated)



Figure 37: Share of total tax expenditure per tax type



Source: National Treasury, Budget 2025

Figure 38: Personal income tax rates and bracket adjustments

2024/25		2025/26	
Taxable income (R)	Rates of tax	Taxable income (R)	Rates of tax
R0 - R237 100	18% of each R1	R0 - R248 600	18% of each R1
R237 101 - R370 500	R42 678 + 26% of the amount above R237 100	R248 601 - R388 400	R44 748 + 26% of the amount above R248 600
R370 501 - R512 800	R77 362 + 31% of the amount above R370 500	R388 401 - R529 200	R81 096 + 31% of the amount above R388 400
R512 801 - R673 000	R121 475 + 36% of the amount above R512 800	R529 201 - R694 500	R124 744 + 36% of the amount above R529 200
R673 001 - R857 900	R179 147 + 39% of the amount above R673 000	R694 501 - R885 400	R184 252 + 39% of the amount above R694 500
R857 901 - R1 817 000	R251 258 + 41% of the amount above R857 900	R885 401 - R1 875 100	R258 703 + 41% of the amount above R885 400
R1 817 001 and above	R644 489 + 45% of the amount above R1 817 000	R1 875 101 and above	R664 480 + 45% of the amount above R1 875 100
<b>Rebates</b>		<b>Rebates</b>	
Primary	R17 235	Primary	R18 063
Secondary	R9 444	Secondary	R9 900
Tertiary	R3 145	Tertiary	R3 294
<b>Tax threshold</b>		<b>Tax threshold</b>	
Below age 65	R95 750	Below age 65	R100 350
Age 65 and over	R148 217	Age 65 and over	R155 350
Age 75 and over	R165 689	Age 75 and over	R173 650

Source: National Treasury, Budget 2025

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Figure 39: Macro-economic forecasts, Treasury vs. Investec

	2025	2026	2027
Final household consumption	1.9	1.5	1.7
Investec	1.4	1.9	2.4
Gross fixed capital formation	5.0	5.2	3.7
Investec	3.0	4.1	4.9
Exports	3.4	3.2	3.1
Investec	1.8	3.9	4.2
Imports	5.7	3.1	2.7
Investec	2.6	3.7	4.4
<b>Real GDP</b>	<b>1.9</b>	<b>1.7</b>	<b>1.9</b>
Investec	1.3	1.9	2.3
CPI Inflation	4.3	4.6	4.4
Investec	3.5	4.6	4.5

Source: National Treasury, Budget 2025 and Investec

- Overall, it is an unsurprising budget from a financial market perspective. Borrowings are largely contained, swelling in the near term as % of GDP mainly on disappointing GDP outcome, but then moderating back over the medium-term towards 67% of GDP on the same trajectory as in October 2024's MTBPS.
- However, the recent weak economic growth outcome for 2024 is disappointing for financial markets, while the rail and port crisis (subtracting around 4% from GDP growth) and the unemployment crisis persist.
- A better economic environment is needed to raise more revenue, in particular a substantially faster economic growth rate of 3-5% y/y, with tax increases instead subtracting from economic growth.
- There is a dire need for much higher tax compliance in SA, achieved through bolstering SARS capacity with the Commissioner estimating this would raise R800bn a year, eliminating the need for tax hikes, while allowing for lower borrowings and so credit rating upgrades and increased investment and growth.

Figure 40: Macroeconomic performance and projections

	2023	2024	2025	2026	2027
Percentage change	Actual	Estimate		Forecast <sup>1</sup>	
Final household consumption	0.7	1.0	1.9	1.5	1.7
Final government consumption	1.9	1.5	3.8	-0.1	0.3
Gross fixed-capital formation	3.9	-3.6	5.0	5.2	3.7
Gross domestic expenditure	0.8	-0.0	2.6	1.7	1.8
Exports	3.7	-2.8	3.4	3.2	3.1
Imports	3.9	-5.3	5.7	3.1	2.7
<b>Real GDP growth</b>	<b>0.7</b>	<b>0.8</b>	<b>1.9</b>	<b>1.7</b>	<b>1.9</b>
CPI Inflation	6.0	4.4	4.3	4.6	4.4
Current account deficit (% GDP)	-1.6	-1.6	-2.3	-2.4	-2.6

Source: Reserve Bank, Statistics SA and National Treasury Budget 2025

- Based on the GDP dataset released in December 2024. Although Stats SA released GDP figures on 4 March 2025, this information is insufficient for forecasting without the national income account scheduled for release at the end of March.

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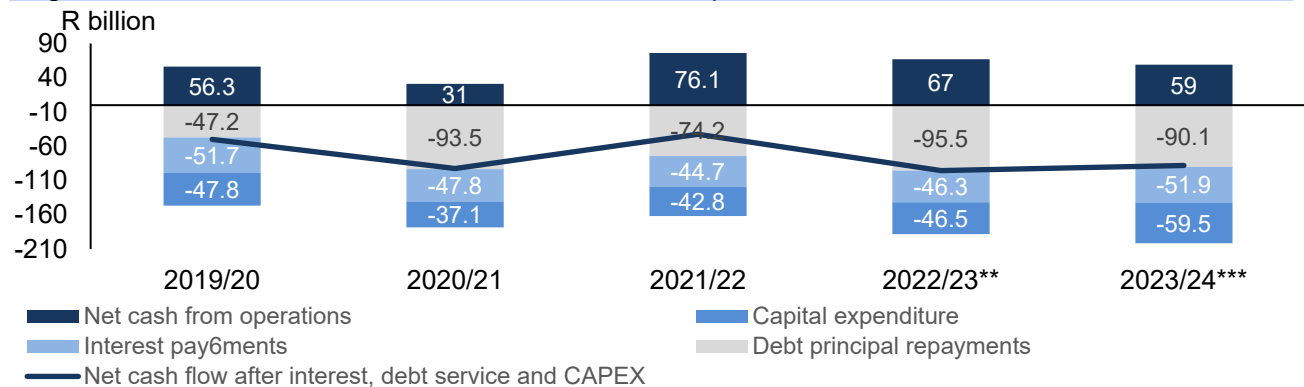


Figure 41: Projected state debt and debt-service costs

R billion/% of GDP	2024/25	2025/26	2026/27	2027/28
<b>Gross loan debt</b>	<b>5,693.6</b>	<b>6,094.2</b>	<b>6,463.8</b>	<b>6,814.9</b>
	76.1%	76.2%	75.9%	75.1%
<b>Debt-service costs</b>	<b>389.6</b>	<b>424.9</b>	<b>449.2</b>	<b>478.6</b>
	5.2%	5.3%	5.3%	5.3%

Source: National Treasury, Budget 2025

Figure 42: Consolidated cash flows at state-owned companies\*



Source: National Treasury, Budget 2025

\*State-owned companies listed in the PFMA schedule, excluding development finance institutions

\*\*Numbers may differ from earlier publications due to restatement or error

\*\*\*Due to reporting delays, unaudited financial results or quarter 4 reports for 2023/24 were used Source: National Treasury

Figure 43: Public- sector infrastructure expenditure and estimates

R billion	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	MTEF
		Outcomes		Revised estimate		Medium-term estimates		Total
Energy	35.5	38.7	46.1	50.7	66.2	73.4	79.6	219.2
Water and sanitation	30.6	35.4	27.5	45.3	49.9	50.1	56.3	156.3
Transport and logistics	65.9	86.4	75.1	118.3	133.1	137.7	131.1	402.0
Other economic services	21.8	18.9	48.1	23.0	22.1	19.5	20.0	61.5
Health	16.4	11.9	13.1	14.5	15.6	14.8	15.0	45.5
Education	14.5	21.1	14.5	20.8	19.4	19.3	18.3	57.0
Human settlements <sup>1</sup>	13.4	14.3	21.3	17.8	17.3	15.6	16.3	49.2
Other social services	2.2	3.3	0.5	2.9	2.6	2.5	2.5	7.6
Administration services <sup>2</sup>	12.0	9.0	10.7	10.1	11.3	9.8	10.1	31.2
<b>Total</b>	<b>212.3</b>	<b>238.8</b>	<b>256.9</b>	<b>303.5</b>	<b>337.5</b>	<b>342.8</b>	<b>349.3</b>	<b>1 029.5</b>
National departments	12.5	13.2	14.2	15.0	15.0	12.6	12.6	40.1
Provincial departments	57.7	60.1	73.2	77.1	75.5	69.6	70.8	215.9
Local government	62.1	64.7	56.8	69.7	67.7	65.1	68.0	200.8
Public entities <sup>3</sup>	20.2	26.8	26.4	33.4	45.3	47.4	44.1	136.8
Public-private partnerships	6.5	6.0	6.8	7.1	7.9	8.4	8.7	25.0
State-owned companies <sup>3</sup>	53.4	67.9	79.4	101.2	126.0	139.8	145.1	410.9
<b>Total</b>	<b>212.3</b>	<b>238.8</b>	<b>256.9</b>	<b>303.5</b>	<b>337.5</b>	<b>342.8</b>	<b>349.3</b>	<b>1 029.5</b>

Source: National Treasury, Budget 2025





Figure 44: Changes in specific excise duties, 2024/25

	Current excise	Proposed excise	Percentage change	
	duty rate	duty rate	Nominal	Real
Malt beer	R135.89 / litre of absolute alcohol (231,02c / average 340ml can)	R145.07 / litre of absolute alcohol (246,61c / average 340ml can)	6.75	2.00
Traditional African beer	7,82c / litre	7,82c / litre	–	-4.75
Traditional African beer powder	34,70c / kg	34,70c / kg	–	-4.75
Unfortified wine	R5.57 / litre	R5.95 / litre	6.75	2.00
Fortified wine	R9.40 / litre	R10.04 / litre	6.75	2.00
Sparkling wine	R17.83 / litre	R19.03 / litre	6.75	2.00
Ciders and alcoholic fruit beverages	R135.89 / litre of absolute alcohol (231,02c / average 340ml can)	R145.07 / litre of absolute alcohol (246,61c / average 340ml can)	6.75	2.00
Spirits	R274.39 / litre of absolute alcohol (R88.49 / 750ml bottle)	R292.91 / litre of absolute alcohol (R94.46 / 750ml bottle)	6.75	2.00
Cigarettes	R21.77 / 20 cigarettes	R22.81 / 20 cigarettes	4.75	–
HTPs sticks	R16.33 / 20 sticks	R17.10 / 20 sticks	4.75	–
Cigarette tobacco	R24.47 / 50g	R25.63 / 50g	4.75	–
Pipe tobacco	R7.53 / 25g	R8.03 / 25g	6.75	2.00
Cigars	R125.91 / 23g	R134.40 / 23g	6.75	2.00

Source: National Treasury Budget 2025

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