

2025/26 HIGHLIGHTS

12 March | #BUDGET2025
2025 Budget

BUDGET FRAMEWORK

- Investing in strategic infrastructure, supporting job creation and maintaining a growth-friendly fiscal policy will underpin government policy over the medium term.
- The fiscal strategy remains on course. It blends critical spending measures, including for essential services and infrastructure investments, with revenue increases.
- The consolidated budget deficit is expected to narrow from 5 per cent of GDP in 2024/25 to 3.5 per cent of GDP in 2027/28.
- Government will reach the important milestone to stabilise debt next year through the strengthening primary surplus.
- Debt-service costs, which consume 22 cents of every rand of revenue, will stabilise in the current year.

SPENDING PLANS

- Consolidated government spending increases at an annual average of 5.6 per cent, from R2.4 trillion in 2024/25 to R2.83 trillion in 2027/28.
- Over the medium term, economic development is the fastest-growing function at an annual average rate of 8.1 per cent, driven by higher allocations to infrastructure projects.
- Spending is highly redistributive, with the social wage making up 61 per cent of total consolidated non-interest spending over the next three years.
- The 2025 Budget funds spending pressures of R232.6 billion over the medium-term expenditure framework (MTEF) period, including provisional allocations for frontline service delivery departments amounting to R70.7 billion.
- Additional funding of R46.7 billion is made available for infrastructure investments and R23.4 billion is made available for the 2025 public-service wage agreement, which provides greater certainty for budget planning for the next three years.

TAX PROPOSALS

- Tax policy proposals are designed to raise R28 billion in additional revenue in 2025/26 and R14.5 billion in 2026/27.
- Government proposes to increase the value-added tax (VAT) rate by 0.5 percentage points in 2025/26 and by 0.5 percentage points in 2026/27. Personal income tax brackets and rebates are not adjusted for inflation in 2025/26.
- To provide relief to lower-income households, government proposes additional VAT zero rating of essential food items and no changes to the fuel levy.

TAX REVENUE, 2025/26

R811.1 bn Personal income tax

R499.5 bn VAT

R331.3 bn Corporate income tax

R155.4 bn Customs and excise duties

R90.2 bn Fuel levies

R118.5 bn Other

MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2024	2025	2026	2027
	Estimate	Forecast		
Household consumption	1.0	1.9	1.5	1.7
Capital formation	-3.6	5.0	5.2	3.7
Exports	-2.8	3.4	3.2	3.1
Imports	-5.3	5.7	3.1	2.7
Real GDP growth	0.8	1.9	1.7	1.9
Consumer price inflation (CPI)	4.4	4.3	4.6	4.4
Current account balance (% of GDP)	-1.6	-2.3	-2.4	-2.6

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2024/25	2025/26	2026/27	2027/28
	Revised estimate	Medium-term estimates		
Revenue	2 029.2	2 221.9	2 377.4	2 520.6
	27.1%	27.8%	27.9%	27.8%
Expenditure	2 404.0	2 592.3	2 703.0	2 834.9
	32.1%	32.4%	31.8%	31.3%
Budget balance	-374.7	-370.4	-325.6	-314.2
	-5.0%	-4.6%	-3.8%	-3.5%
Gross domestic product	7 478.8	7 999.4	8 512.6	9 068.7

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION

R billion	2024/25	2025/26	2026/27	2027/28	2024/25–2027/28
	Revised estimate	Medium-term estimates			Average growth
Learning and culture	482.3	508.7	536.4	562.4	5.3%
Health	277.2	298.9	313.7	328.9	5.9%
Social development	397.0	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	
Allocated expenditure	2 014.4	2 162.4	2 248.3	2 345.1	5.2%
Debt-service costs	389.6	424.9	449.2	478.6	7.1%
Contingency reserve	–	5.0	5.5	11.1	
Consolidated expenditure	2 404.0	2 592.3	2 703.0	2 834.9	5.6%



2025/26 EXPENDITURE

CONSOLIDATED GOVERNMENT EXPENDITURE **R2.59 TRILLION**

R1.52 TRILLION SOCIAL SERVICES



R289.8 bn ECONOMIC DEVELOPMENT

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



R266.1 bn PEACE AND SECURITY

Police services	R133.4 bn
Defence and state security	R60.8 bn
Law courts and prisons	R58.1 bn
Home affairs	R13.9 bn



R78.7 bn GENERAL PUBLIC SERVICES

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



R424.9 bn DEBT-SERVICE COSTS



R5.0 bn CONTINGENCY RESERVE

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



R508.7 bn LEARNING AND CULTURE

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



R298.9 bn HEALTH

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



R286.6 bn COMMUNITY DEVELOPMENT

Old-age grant	R117.4 bn
Social security funds	R99.5 bn
Child-support grant	R90.4 bn
Other grants	R77.0 bn
Provincial social development	R23.3 bn
Policy oversight and grant administration	R14.8 bn



R422.3 bn SOCIAL DEVELOPMENT