

#RSABUDGET2023

2023/24 HIGHLIGHTS

f #RSA Budget | t #RSABudget2023

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BUDGET FRAMEWORK

- Government will achieve a main budget primary surplus in 2022/23. Main budget non-interest expenditure will grow, on average, slightly above consumer price index inflation in the outer two years of the medium-term expenditure framework period.
- The consolidated budget deficit will decline from 4.6 per cent of GDP in 2021/22 to 4.2 per cent of GDP in 2022/23, reaching 3.2 per cent of GDP in 2025/26.
- The Eskom debt relief, amounting to R254 billion, will require a step change in public debt which will result in government debt stabilising at 73.6 per cent of GDP in 2025/26, later and at a higher level than in the 2022 Medium Term Budget Policy Statements.
- Servicing debt requires an increasing share government's available resources. Debt-service costs as a per cent of main budget revenue will increase from 18 per cent in 2022/23 to 19.8 per cent in 2025/26 and is expected to average R366.8 billion a year over the medium term.

SPENDING PROGRAMMES

- Total consolidated government spending will amount to R7.08 trillion over the next three years, of which 51 per cent or R3.6 trillion is allocated for the social wage.
- The 2023 Budget allocates additional funding totalling R227 billion over the next three years. The additional funds are mainly to extend the COVID-19 social relief of distress grant until 31 March 2024, improve investment in local and provincial government infrastructure, and support safety and security, education and health services.
- The learning and culture function is allocated R1.43 trillion over the next three years – the largest proportion (24 per cent) of total allocated spending.
- Community development is the fastest growing function, averaging 8 per cent annually over the medium term, mainly due to the allocation of additional funds for the local government equitable share and for infrastructure.

TAX PROPOSALS

- Government proposes tax relief totalling R13 billion in 2023/24 to support the clean energy transition, increase the electricity supply and limit the impact of consistently high fuel prices.
- R4 billion in relief is provided for individuals that install solar panels, and R5 billion to companies through an expansion of the renewable energy tax incentive.
- Inflation-related adjustments to the personal income tax tables, the retirement tax tables, and transfer duties are provided.
- Excise duties on alcohol and tobacco will increase in line with expected inflation of 4.9 per cent. The rate for sparkling wine is pegged at 3.2 times that of natural unfortified wine.
- As in the 2022 Budget, government again proposes no changes to the general fuel levy or the Road Accident Fund levy.
- To limit the impact of the energy crisis on food prices, the diesel fuel levy refund will be extended to manufacturers of foodstuffs for a period of 2 years, from 1 April 2023 until 31 March 2025.

TAX REVENUE, 2023/24

R640.3 bn Personal income tax

R471.5 bn VAT

R336.1 bn Corporate income tax

R137.9 bn Customs and excise duties

R90.4 bn Fuel levies

R111.3 bn Other

MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2022	2023	2024	2025
	Estimate	Forecast		
Household consumption	2.8	1.0	1.5	1.8
Capital formation	4.2	1.3	3.8	3.5
Exports	8.8	1.0	2.2	2.9
Imports	14.0	1.1	2.3	2.9
Gross domestic product	2.5	0.9	1.5	1.8
Consumer price inflation (CPI)	6.9	5.3	4.9	4.7
Current account balance (% of GDP)	-0.4	-1.8	-2.0	-2.1

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2022/23	2023/24	2024/25	2025/26
	Revised estimate	Medium-term estimates		
Revenue	1 892.7	1 958.9	2 077.8	2 225.3
	28.5%	28.0%	27.9%	28.0%
Expenditure	2 168.8	2 242.6	2 359.7	2 477.4
	32.6%	32.0%	31.7%	31.2%
Budget balance	-276.1	-283.7	-282.0	-252.1
	-4.2%	-4.0%	-3.8%	-3.2%
Gross domestic product	6 651.3	7 005.7	7 452.4	7 938.5

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION

R billion	2022/23	2023/24	2024/25	2025/26	2022/23–2025/26
	Revised estimate	Medium-term estimates			Average growth
Learning and culture	446.7	457.1	476.5	497.3	3.6%
Health	259.4	259.2	268.9	281.3	2.7%
Social development	357.8	378.5	361.3	357.0	-0.1%
Community development	230.0	259.7	276.2	289.9	8.0%
Economic development	221.8	237.6	259.3	277.1	7.7%
Peace and security	227.8	227.3	236.3	247.4	2.8%
General public services	71.7	73.6	74.1	76.9	2.3%
Payments for financial assets	46.3	4.1	3.6	3.9	
Allocated expenditure	1 861.6	1 897.1	1 956.2	2 030.8	2.9%
Debt-service costs	307.2	340.5	362.8	397.1	8.9%
Contingency reserve	–	5.0	5.0	5.0	
Unallocated reserve	–	–	35.7	44.5	
Consolidated expenditure	2 168.8	2 242.6	2 359.7	2 477.4	4.5%

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2023/24 EXPENDITURE

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CONSOLIDATED
GOVERNMENT
EXPENDITURE

R2.24 TRILLION



R1.35 TRILLION

SOCIAL
SERVICES



R237.6 bn

ECONOMIC
DEVELOPMENT

Economic regulation and infrastructure	R124.9 bn
Industrialisation and exports	R40.5 bn
Agriculture and rural development	R27.8 bn
Job creation and labour affairs	R24.6 bn
Innovation, science and technology	R19.8 bn

Basic education	R293.7 bn
National Student Financial Aid Scheme	R50.1 bn
University transfers	R45.1 bn
Skills development levy institutions	R24.3 bn
Education administration	R18.5 bn
Technical & vocational education and training	R13.3 bn



R457.1 bn

LEARNING
AND CULTURE



R227.3 bn

PEACE AND
SECURITY

Police services	R112.1 bn
Defence and state security	R52.7 bn
Law courts and prisons	R51.4 bn
Home affairs	R11.1 bn

District health services	R113.1 bn
Central hospital services	R48.6 bn
Other health services	R46.1 bn
Provincial hospital services	R40.2 bn
Facilities management and maintenance	R11.3 bn



R259.2 bn

HEALTH



R73.6 bn

GENERAL PUBLIC
SERVICES

Public administration and fiscal affairs	R48.4 bn
Executive and legislative organs	R16.8 bn
External affairs	R8.4 bn

Municipal equitable share	R96.5 bn
Human settlements, water and electrification programmes	R61.7 bn
Public transport	R53.2 bn
Other human settlements and municipal infrastructure	R48.2 bn



R259.7 bn

COMMUNITY
DEVELOPMENT



R340.5 bn

DEBT-SERVICE COSTS

Old-age grant	R99.1 bn
Social security funds	R92.4 bn
Child-support grant	R81.9 bn
Other grants	R72.9 bn
Provincial social development	R21.4 bn
Policy oversight and grant administration	R10.9 bn



R378.5 bn

SOCIAL
DEVELOPMENT



R5.0 bn

CONTINGENCY RESERVE