

# #RSABUDGET2022 HIGHLIGHTS

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f RSA Budget

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## BUDGET FRAMEWORK

- Government expects to achieve a primary surplus – where revenue exceeds non-interest expenditure – by 2023/24. In 2024/25, main budget non-interest expenditure will grow slightly above CPI inflation.
- The consolidated budget deficit is projected to narrow from 6 per cent of GDP in 2022/23 to 4.2 per cent of GDP in 2024/25.
- Gross loan debt will stabilise at 75.1 per cent of GDP in 2024/25.
- Debt-service costs consume an increasing share of GDP and revenue. They are expected to average R333.4 billion a year.

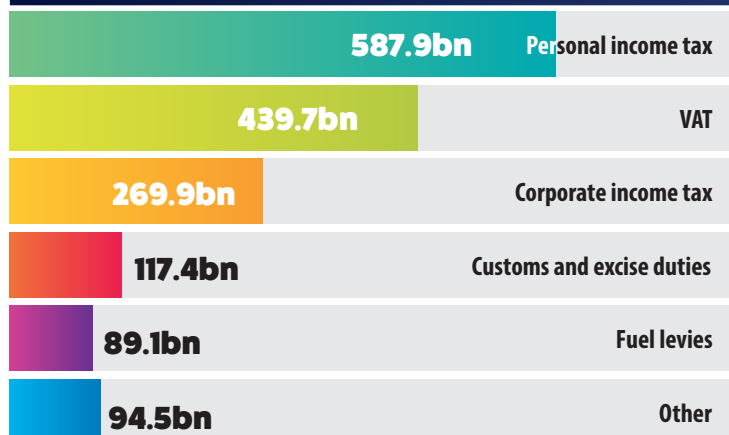
## SPENDING PROGRAMMES

- Total consolidated government spending will amount to R6.62 trillion over the next three years, and the social wage will take up 59.4 per cent of total non-interest spending over this period.
- Additional allocations of R110.8 billion in 2022/23, R60 billion in 2023/24 and R56.6 billion in 2024/25 are made for several priorities that could not be funded through reprioritisation. These include the special COVID-19 social relief of distress grant, the continuation of bursaries for students benefiting from the National Student Financial Aid Scheme, and the presidential employment initiative.
- The bulk of the spending is allocated to learning and culture (R1.3 trillion), social development (R1 trillion) and debt-service costs (R1 trillion) over the MTEF.
- Economic development and community development grow faster than other functions at 8.5 per cent and 7.9 per cent, respectively.

## TAX PROPOSALS

- Tax revenue strengthened significantly in recent months and is expected to reach R1.55 trillion for 2021/22, well above projections.
- Given the revenue improvement, government proposes R5.2 billion in tax relief to help support the economic recovery, provide some respite from fuel tax increases and boost incentives for youth employment.
- Most of the relief is provided through an adjustment in personal income tax brackets and rebates. In addition, there will be no increase in either the general fuel levy or the Road Accident Fund levy.
- Progress continues to be made in rebuilding the South African Revenue Service.

## TAX REVENUE, 2022/23



## MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2021	2022	2023	2024
	Estimate	Forecast		
Household consumption	5.6	2.5	1.8	2.0
Gross fixed-capital formation	1.2	3.2	3.8	4.1
Exports	9.3	2.9	2.8	2.7
Imports	8.5	5.4	3.9	3.3
<b>Real GDP growth</b>	<b>4.8</b>	<b>2.1</b>	<b>1.6</b>	<b>1.7</b>
CPI inflation	4.5	4.8	4.4	4.5
Current account balance (% of GDP)	3.8	0.3	-1.2	-1.5

## CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2021/22	2022/23	2023/24	2024/25
	Estimate	Medium-term estimates		
<b>Revenue</b>	<b>1 721.3</b>	<b>1 770.6</b>	<b>1 853.2</b>	<b>1 977.6</b>
	27.5%	27.5%	27.2%	27.3%
<b>Expenditure</b>	<b>2 077.0</b>	<b>2 157.3</b>	<b>2 176.8</b>	<b>2 281.8</b>
	33.2%	33.5%	32.0%	31.5%
<b>Budget balance</b>	<b>-355.7</b>	<b>-386.6</b>	<b>-323.6</b>	<b>-304.2</b>
	-5.7%	-6.0%	-4.8%	-4.2%
<b>Gross domestic product</b>	<b>6 251.5</b>	<b>6 441.3</b>	<b>6 805.3</b>	<b>7 233.7</b>

## CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 2021/22-2024/25

R billion	2021/22	2022/23	2023/24	2024/25	2021/22-2024/25
	Estimate	Medium-term estimates			Average growth
Learning and culture	421.4	441.5	446.0	458.0	2.8%
Health	256.2	259.0	247.6	257.5	0.2%
Social development	352.7	364.4	317.6	322.2	-3.0%
Community development	212.5	236.3	252.2	266.7	7.9%
Economic development	201.0	227.1	237.4	256.8	8.5%
Peace and security	218.4	220.7	217.0	226.6	1.2%
General public services	71.9	69.2	69.3	70.5	-0.7%
Payments for financial assets	74.6	27.2	24.7	25.0	
Allocated expenditure	1 808.7	1 845.5	1 811.8	1 883.3	1.4%
Debt-service costs	268.3	301.8	335.0	363.5	10.7%
Contingency reserve	–	10.0	5.0	5.0	
Unallocated reserve	–	–	25.0	30.0	
<b>Consolidated expenditure</b>	<b>2 077.0</b>	<b>2 157.3</b>	<b>2 176.8</b>	<b>2 281.8</b>	<b>3.2%</b>

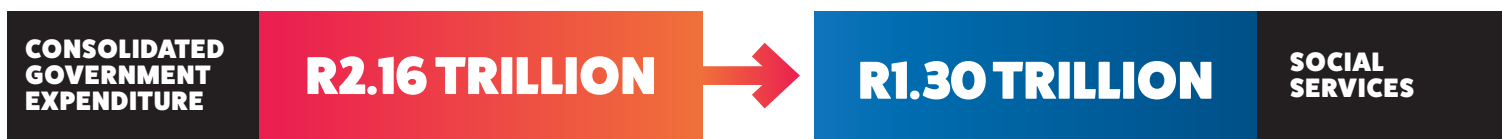
# BUDGET 2022/23

## BUDGET EXPENDITURE

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**R227.1bn**

### ECONOMIC DEVELOPMENT

Economic regulation and infrastructure	<b>R117.5bn</b>
Industrialisation and exports	<b>R39.2bn</b>
Agriculture and rural development	<b>R27.5bn</b>
Job creation and labour affairs	<b>R24.8bn</b>
Innovation, science and technology	<b>R18.1bn</b>

Basic education	<b>R282.8bn</b>
University transfers	<b>R48.7bn</b>
National Student Financial Aid Scheme	<b>R46.1bn</b>
Skills development levy institutions	<b>R21.7bn</b>
Education administration	<b>R18.0bn</b>
Technical & vocational education and training	<b>R12.6bn</b>



**R441.5bn**

### LEARNING AND CULTURE



**R220.7bn**

### PEACE AND SECURITY

Police services	<b>R110.2bn</b>
Law courts and prisons	<b>R50.8bn</b>
Defence and state security	<b>R50.0bn</b>
Home affairs	<b>R9.7bn</b>

District health services	<b>R115.7bn</b>
Central hospital services	<b>R49.4bn</b>
Other health services	<b>R42.4bn</b>
Provincial hospital services	<b>R40.4bn</b>
Facilities management and maintenance	<b>R11.1bn</b>



**R259.0bn**

### HEALTH



**R69.2bn**

### GENERAL PUBLIC SERVICES

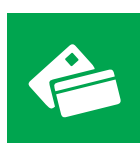
Public administration and fiscal affairs	<b>R46.1bn</b>
Executive and legislative organs	<b>R14.8bn</b>
External affairs	<b>R8.3bn</b>

Municipal equitable share	<b>R87.3bn</b>
Human settlements, water and electrification programmes	<b>R58.7bn</b>
Public transport	<b>R47.4bn</b>
Other human settlements and municipal infrastructure	<b>R42.9bn</b>



**R236.3bn**

### COMMUNITY DEVELOPMENT



**R301.8bn**

### DEBT-SERVICE COSTS

Old-age grant	<b>R92.1bn</b>
Social security funds	<b>R84.2bn</b>
Other grants	<b>R78.9bn</b>
Child-support grant	<b>R77.2bn</b>
Provincial social development	<b>R22.0bn</b>
Policy oversight and grant administration	<b>R9.9bn</b>



**R364.4bn**

### SOCIAL DEVELOPMENT



**R10.0bn**

### CONTINGENCY RESERVE