



T W E N T Y
BUDGET 2022
T W E N T Y T W O

SPEECH



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REPUBLIC OF SOUTH AFRICA



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BUDGET SPEECH

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Minister of Finance

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2022/23 BUDGET SPEECH BY MINISTER OF FINANCE ENOCH GODONGWANA

23 February 2022

Honourable Speaker;

His Excellency, President Cyril Ramaphosa;

His Excellency, the Deputy President David Mabuza;

Cabinet Colleagues;

Members of the Executive Committees for Finance in the provinces;

Honourable Members;

Finance Minister of the Democratic Republic of the Congo;

The Governor of the South African Reserve Bank;

The Commissioner of the South African Revenue Services;

Fellow South Africans:

INTRODUCTION

It is my honour and privilege to table before this House the 2022 National Budget.

Today I am tabling the following documents:

- The 2022 Division of Revenue Bill;
- The 2022 Appropriation Bill;
- The Second Adjustments Appropriation (2021/22 Financial Year) Bill;
- The Estimates of National Expenditure;
- The 2022 Budget Review; and
- The Budget Speech.

Madam Speaker, we stand here galvanised by the State of the Nation Address delivered by His Excellency President Cyril Ramaphosa.

The President reminded us that even as we face steep and daunting challenges, like we have done in the past, we will overcome.

To do so, we need to strike a critical balance between saving lives and livelihoods, while supporting inclusive growth. This budget presents this balance.

Our economic recovery has been un-even and risks remain high. We must proceed with caution.

In the 2021 MTBPS we committed ourselves to charting a course towards growth and fiscal sustainability. This budget reasserts this commitment.

It narrows the budget deficit and stabilizes debt.

It also extends income and employment support to the most vulnerable, , addresses service delivery shortcomings and provides tax relief.

However, these interventions cannot replace the structural changes our economy needs. Difficult and necessary trade-offs are required.

ECONOMIC OUTLOOK

Global outlook

The world economy is expected to grow by 4.4 per cent this year. This is lower than the 4.9 per cent we anticipated when tabling the MTBPS.

The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread.

In addition, continued imbalances in global value chains have limited the pace of the world's economic recovery.

DOMESTIC OUTLOOK

The South African economy has not been insulated from these global developments.

We have revised our economic growth estimate for 2021 to 4.8 per cent, from 5.1 per cent at the time of the MTBPS.

This revision reflects a combination of the impact of changes in the global environment, along with our own unique challenges.

Commodity prices, which have supported our economic recovery, slowed in the second half of 2021.

Also, violent unrest in July, and restrictions imposed to manage the third wave of COVID-19 further eroded the gains we made in the first half of the year.

Industrial action in the manufacturing sector, and the re-emergence of loadshedding, also slowed the pace of the recovery.

Real GDP growth of 2.1 percent is projected for 2022. Over the next three years, GDP growth is expected to average 1.8 percent.

THE FISCAL FRAMEWORK

Revenue collection

Tax collections since the time of the MTBPS have been much stronger than expected.

We now estimate tax revenue for 2021/22 to be R1.55 trillion.

This is R62 billion higher than our estimates from four months ago, and R182 billion higher than our estimates from last year's Budget.

This follows a shortfall of R176 billion for 2020/21 when compared to the 2020 Budget forecasts.

This positive surprise has come mainly from the mining sector due to higher commodity prices.

Madam Speaker, one swallow does not a summer make.

The improved revenue performance is not a reflection of an improvement in the capacity of our economy.

As such, we cannot plan permanent expenditure on the basis of short-term increases in commodity prices.

To be clear, any permanent increases in spending should be financed in a way that it does not worsen the fiscal deficit.

We have also seen higher revenue from other sectors and other tax instruments, such as personal income tax and value-added tax.

Madam Speaker, this year marks the 25th anniversary of the establishment of the South African Revenue Service.

SARS plays a vital role in the economy, and we congratulate them on this momentous occasion.

We also welcome the current modernisation of its infrastructure at border posts, such as Beit-bridge to facilitate greater trade.

The fiscal outlook

Honorable Members, more than R308 billion has been directed towards bailing out failing state-owned companies.

Since 2013, frontline services and infrastructure reduced by R257 billion.

In this Budget, we are shifting from this trend, and are restoring our focus on the core functions of government.

We are also on course to close key fiscal imbalances and restore the health of public finances.

Our debt burden remains a matter of serious concern.

This year, government debt has reached R4.3 trillion and is projected to rise to R5.4 trillion over the medium-term.

This huge sum is owed to lenders domestically and around the world!

It incurs large debt-service costs; averaging R330 billion annually over the MTEF.

These costs are larger than spending on each of health, policing or basic education.

For this reason and to support the economic recovery, in this budget we are reducing the fiscal deficit and stabilising debt.

The consolidated budget deficit is projected to narrow from 5.7 per cent of GDP in 2021/22, to 4.2 per cent of GDP by 2024/25.

We now expect to realise a primary fiscal surplus – where revenue exceeds non-interest expenditure – by 2023/24.

The debt ratio will stabilise at 75.1 per cent of GDP by 2024/25. This is 3 percentage points lower than we had projected when we tabled the MTBPS.

This is also the first time since 2015 that we are reducing the borrowing requirement, using some of the extra revenue we have collected.

The borrowing requirement decreases by R135.8 billion this year and a total of R131.5 billion over the next two years.

Risks to the fiscal framework

Though the fiscal outlook has improved, it is subject to significant risks.

These include:

- Slowing global and domestic economic growth; Calls for a permanent increase in social protection that exceed available resources.
- Pressures from the public-service wage bill; and
- Continued requests for financial support from financially distressed state-owned companies.

We need to stay vigilant and mitigate the risks where possible.

In the upcoming period, we will do more work to strengthen fiscal anchors.

We will also reduce the continual demands on South Africa's limited public resources from state-owned companies.

For this reason, SOCs need to develop and implement sustainable turnaround plans.

The future of our state-owned companies is under consideration by the Presidential State-Owned Enterprises Council.

Their future will be informed by the value they create and whether they can be run as sustainable entities without bailouts from the fiscus.

Some state-owned companies will be retained, while others will be rationalized or consolidated.

To reduce their continuing demands on South Africa's public resources, the National Treasury will outline the criteria for government funding of state-owned companies, during the upcoming financial year.

This, Madam Speaker, is what we mean by tough love!

We are aware that Eskom's debt situation remains a concern for its creditors and our investors alike.

Government continues to support Eskom to remain financially sustainable during its transition.

To date, Eskom has been provided with R136 billion to pay off its debt with a further R88 billion until 2025/26.

We acknowledge, however, that Eskom is faced with a large amount of debt that remains a challenge to service without assistance.

The National Treasury is working on a sustainable solution to deal with Eskom's debt in a manner that is equitable and fair to all stakeholders.

Any solution will be contingent on continued progress to reform South Africa's electricity sector and Eskom's own progress on its turnaround plan and its restructuring.

We expect Eskom to take further steps towards cost containment, conclude the sale of assets and implement operational improvements to enhance the reliability of electricity supply.

The outcome of this work, which is legally and technically complex, will be announced within the next financial year.

Madam Speaker, we have taken action to reform the electricity sector. This encompasses the lifting of the registration threshold of embedded generation to 100 megawatts.

It also includes amendments to the Electricity Regulation Act of 2006, and the new generation projects that are coming online over the next few years.

These interventions demonstrate our commitment to solving South Africa's electricity supply challenges.

SUPPORTING ECONOMIC RECONSTRUCTION AND RECOVERY

Madam Speaker, we have had more than a decade of economic stagnation.

Only through sustained economic growth can South Africa create enough jobs to reduce poverty and inequality; enabling us to reach our goal of a better life for all.

The Economic Reconstruction and Recovery Programme remains essential to growth.

We are accelerating the implementation of critical structural reforms contained in the ERRP in particular, in electricity, rail, ports and telecommunications.

Infrastructure

To complement these interventions, Madam Speaker, we will be accelerating infrastructure investment which is the backbone of a thriving economy.

The National Treasury will be implementing the results of a recently completed review of the Public-Private Partnerships framework.

We aim to create a centre-of-excellence for PPPs and other blended finance projects. This centre-of-excellence will be established with direct Treasury oversight.

It will be a direct interface with private financial institutions for investments in critical government infrastructure programmes.

We will also work with other national departments and the provinces of the Eastern Cape and Northern Cape, to pilot a revised approach to infrastructure delivery.

This approach will include innovative financing and delivery mechanisms, as announced by the President in the State of the Nation Address.

Regarding the Umzimvubu Dam, we are at an advanced stage of resolving the project issues. We will make further announcements on this in the MTBPS.

In October, I will table amendments, through the 2022 Division of Revenue Amendment Bill, to enable provinces to pledge their infrastructure grants to leverage more financing to fast-track the rollout of infrastructure.

Mr, President; in the State of the Nation address you spoke about the importance of catalytic and blended finance projects. These projects have the potential to crowd in private investors for bulk infrastructure.

As we upgrade roads, bridges, water and sewer, transport, school infrastructure and hospitals and clinics, the aim is to unlock higher levels of employment for those involved in the projects.

I am pleased to inform this House that a provisional allocation is set aside in this Budget for R17.5 billion over the MTEF for infrastructure catalytic projects. We look forward to engaging with specific proposals in this regard.

Value for money and quality of delivery is the top priority in the development of the project pipeline.

Bounce-back scheme to support SMEs

To support businesses in distress owing to the Covid-19 pandemic, a new business bounce-back scheme will be launched, using two mechanisms which will be introduced sequentially:

Firstly, small business loan guarantees of R15 billion will be facilitated through participating banks and development finance institutions. This allows access for qualifying non-bank small and medium loan providers.

Government will partner with loan providers by underwriting the first 20% of losses for banks and other eligible small and medium loan providers.

The eligibility criteria, including the requirement for collateral, has been loosened. This mechanism will be launched and operational next month.

Secondly, by April this year, we intend to introduce a business equity-linked loan guarantee support mechanism.

We intend to bring the total support package through the bounce-back scheme to R20 billion.

The equity support mechanism of this scheme will be facilitated through DFIs. It will also be available to qualifying non-bank small and medium finance providers.

Details of the terms of the equity-linked guarantee mechanism will be provided soon.

Public employment

Over the medium-term, R76 billion is allocated for job creation programmes.

In this Budget an additional R18.4 billion is made available for the Presidential Employment Initiative.

Madam Speaker, we do not aspire to be a below 2 per cent growth economy. We are capable of so much more.

In this regard, we are refining proposals for an expanded reform agenda – to shift our economy towards a higher growth trajectory.

SPENDING PROPOSALS

In this budget, we are taking steps to support education, health, the fight against crime and corruption, and to improve capital investment, amongst others.

Over the next three years, we allocate R3.33 trillion to the social wage to support vulnerable and low-income households. This is approximately 60 per cent of non-interest spending.

We have prioritized spending on the following key areas:

In 2017, government announced a policy for fee-free higher education. We are announcing an additional allocation of R32.6 billion for financial support to current bursary holders and first-year students under the National Student Financial Aid Scheme.

Any further shortfalls will be funded from within the baseline of the Department of Higher Education.

Madam Speaker, at the height of the COVID-19 our teachers had to make tremendous sacrifices to ensure that our children get education.

Equally our health care workers, we among those that were the last and only line of defence against the pandemic.

In this budget, we are adding R24.6 billion for provincial education departments to address the shortfalls in the compensation of teachers.

An additional R15.6 billion is allocated to provincial health departments to support their continued response to COVID-19, and to bridge shortfalls in essential goods and services.

R3.3 billion is allocated to absorb medical interns and community service doctors.

R8.7 billion is added to the Police budget.

The department is allocated R1 billion to implement personnel reforms.

Another R800 million may be available in the following year, subject to satisfactory progress.

We are also strengthening the resourcing of the justice system and our courts.

In this regard, the budget of the Department of Justice and Constitutional Development is increased by R1.1 billion, while the Office of the Chief Justice receives an additional R39.9 million.

The South African National Roads Agency (SANRAL) receives an additional R9.9 billion for maintaining the non-toll road network.

Over and above this, the Budget Facility for Infrastructure has approved funding for several water projects:

- R2.1 billion is allocated for raising the Clan William Dam.
- The Lepelle Water Board is allocated R1.4 billion for the Olifantspoort and Ebenezer plants.
- The Umgeni Water Board is allocated R813 million for the Lower uMkhomazi Water Supply Scheme.

I am also pleased to announce that the project to modernise six border posts, including Beitbridge, is at an advanced stage of preparation. Feasibility studies have been completed and a request for proposal (RFP) will be issued in March 2022.

Madam Speaker, we watched in outrage and sadness as flames devoured the buildings in which our constitution was born.

I am gratified to learn of the enthusiasm of South Africans who want to be part of rebuilding Parliament, and I look forward to a truly national effort for this.

The department of social development will receive the largest allocation of R58.6 billion over the medium term for the following:

- First, to initiate a new extended child support grant for double orphans. This is to encourage the care of orphans within families rather than foster care
- Second, to provide for inflationary increases to permanent social grants.
- For the 2022/23 fiscal year, the old age, war veterans, disability and care dependency grants, will increase by R90 in April and a further R10 in October. The foster care and child support grants will increase by a once off R20 in April;
- Thirdly, R44 billion is allocated for a 12-month extension of the R350 social relief of distress (SRD) grant.

Honorable Members, the social relief of distress grant was introduced in 2020/21, as a temporary relief measure in view of the plight of those who have lost economic opportunities and were adversely affected during the worst periods of the pandemic. This emergency grant added to the country's already extensive social safety net. South Africa now pays grants to more than 46 percent of the population.

Finally, the 2022/23 contingency reserve is increased by R5 billion. This provides for an amount already approved in the previous Budget for the Land Bank to be paid in the new financial year.

We remain committed to controlling those parts of the budget that are permanent in nature, including by arresting historically rapid increases in the public sector wage bill.

Compensation spending will increase marginally, from R665.1 billion in 2021/22 to R702 billion in 2024/25, at an average annual rate of 1.8 per cent.

As indicated in the 2021 MTBPS, we have allocated additional funding of R20.5 billion in 2022/23, to meet the cost implications of the 2021 public-service wage agreement.

A Public Sector Labour Summit is scheduled to take the place as from the 28th to the 31st of March.

This summit is an important opportunity for stakeholders to engage on building a sustainable public service and remuneration guidelines.

DIVISION OF REVENUE

Basic municipal services require more support, especially for the poor. To address this, R28.9 billion is added to the local government equitable share.

Madam Speaker, we are making these allocations to uplift and provide services to our people.

These funds must be used for the purpose they are meant for. Currently 175 out of 257 municipalities are in financial distress. We stand ready to work with Parliament and all oversight bodies to hold municipalities accountable for delivering these services.

At the same time, our municipalities and other institutions cannot survive if they don't receive payment from those who consume their services.

We urge our people and government departments to pay their municipal bills. Municipalities are also required to improve their service delivery mechanisms, and to ensure that billing systems are fair and efficient.

CORRUPTION AND STATE CAPABILITY

Madam Speaker, corruption is a major blight on our country.

It has lowered our economic growth potential, made us fiscally more vulnerable, and severely weakened the capability of the state.

Accounting officers need to ensure that their procurement processes have integrity, provide value for money, and are free from interference from politically connected persons and bidders.

We also need to be clear on what we are fighting.

We must differentiate between corruption and minor transgressions of the rules of policy prescripts that are audited as irregular expenditure.

The National Treasury is engaging with the Auditor-General to continue to ensure transparent disclosure of minor transgressions, but outside the financial audit process.

As I indicated last year, the Public Procurement Bill will be tabled before Parliament in 2022/23.

In light of the recent Constitutional Court judgement on the preferential procurement regulations, and the first Zondo Commission report highlighting abuses in state procurement, we are revising the Bill to take account of these developments.

We will also be responding formally to the Zondo Commission report.

In the meantime, we must take bold steps to improve state capability and reduce the scope for procurement corruption.

Working with SARS, the Investigative Directorate in the office of the National Directorate of Public Prosecutions, has brought charges against a company Director and a Gupta associate involved in the corrupt ESTINA Dairy project.

This is on charges of fraudulent VAT refund claims, under-declaration of plant and equipment expenses, and exchange control violations. SARS is also recovering the fraudulent refunds that were claimed.

We are also dealing with illicit trade.

Just yesterday, SARS conducted a search and seizure operation.

This operation uncovered another consignment of illegal tobacco products, bringing the total value of illicit tobacco seized during the pandemic to over R350 million.

Overall, SARS has raised assessments of R18 billion additional duties, cancelled the trading licenses of 3 operators, liquidated one operator, and referred 8 cases for criminal prosecution.

Finally, we are addressing the weaknesses in fighting fraud and money laundering identified in our recent mutual evaluation of our anti-money laundering system by the Financial Action Task Force (FATF).

TAX PROPOSALS

Madam Speaker, households and businesses are still under financial pressure and are coping with higher obligations, the effects of COVID-19 and increased fuel prices.

Now is not the time to increase taxes and put the recovery at risk!

Accordingly, we have decided to keep money in the pockets of South Africans.

This Budget includes 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.

Madam Speaker, our tax proposals for 2022/23 are as follows.

Personal Income Tax

The personal income tax brackets and rebates will be adjusted by 4.5 percent, in line with inflation.

The adjustments will mean that the annual tax-free threshold for a person under the age of 65, will increase from R87 300 to R91 250.

Medical tax credits will increase from R332 to R347 per month for the first two members, and from R224 to R234 per month for additional members.

Employment tax incentive

The employment tax incentive will be expanded through a 50 per cent increase in the maximum monthly value to R1 500.

I encourage small and medium firms to take up this incentive.

We anticipate that the expansion will provide additional support worth R2.2 billion.

Fuel Levies

In 2021, the inland petrol price breached R20 per litre. The higher prices have put pressure on the cost of transport, food and other goods and services.

To provide some relief to households, no increases will be made to the general fuel levy on petrol and diesel for 2022/23. This will provide tax relief of R3.5 billion to South Africans.

There will also be no increase in the Road Accident Fund levy.

Minister Mantashe and I have agreed that a review of all aspects of the fuel price is needed.

Our teams have already begun to engage on this critical work.

Corporate Income Tax

Restructuring the corporate income tax system is an important part of our efforts to create a conducive environment for businesses to grow, increase investment and employ more people.

As announced in the 2021 Budget, the corporate income tax rate will be reduced from 28 per cent to 27 per cent, for companies with years of assessment ending on or after 31 March 2023.

This will be complemented by base-broadening measures to ensure that there is no negative impact on revenue.

Excise duties

Excise duties on alcohol and tobacco will increase by between 4.5 and 6.5 percent. The increases mean that as from today:

- A 340ml can of beer or cider will cost 11c more;
- A 750ml bottle of wine will be 17c more expensive;
- A bottle of sparkling wine will cost an additional 76c;
- And a bottle of spirits will be R4.83 more expensive;
- A packet of cigarettes will cost an additional R1.03;
- 25 grams of piped tobacco will cost an extra 37c; and
- A 23 gram cigar will be R6.77 more expensive.

Government also proposes to introduce a new tax on vaping products of at least R2.90 per millilitre from 1 January 2023.

A new tax will also be introduced on beer powders.

After three years of no changes, the health promotion levy will be increased to 2.31 cents per gram of sugar.

Madam Speaker, the structure of the economy will need to change to adapt to the needs of addressing climate change.

As we reduce emissions, communities must not be left behind as production shifts to greener solutions.

There are opportunities to access international finance to help pay for this just transition. The National Treasury is working with the new head of the Presidential Climate Finance Task Team, on accessing these resources.

The carbon tax is the main mechanism to ensure we lower our greenhouse emissions.

The carbon tax rate will increase from R134 to R144, effective from 1 January 2022.

As required by legislation, the carbon fuel levy will increase by 1c to 9c per litre for petrol, and 10c per litre for diesel, from 6 April 2022.

The first phase of the carbon tax, with substantial allowances and electricity price neutrality, will be extended to 31 December 2025.

However, in line with our commitments at COP26, the carbon tax rate will be progressively increased every year to reach \$20 per tonne.

In the second phase from 2026 onwards, the carbon tax rate will have larger annual increases to reach at least \$30 by 2030, and the allowances will rapidly fall away.

We urge all our companies that have not already done so to develop plans to progressively reduce their emissions over the next 10 years, otherwise they will face these steep taxes.

Our exporters will also face overseas border taxes for carbon-intensive goods such as iron and steel, which will reduce their competitiveness.

Madam Speaker, you will note that we have not increased taxes in the major revenue generating categories, such as personal income tax, VAT and the general fuel levy.

We have reduced the corporate tax rate and broadened the tax base.

However, let me restate my earlier caution, that if there are permanent expenditure increases in the coming years, we would have no choice but to revisit this to ensure the fiscal deficit does not worsen.

Madam Speaker, in these trying times and without compromising our ability to collect revenue, we have managed, through these tax proposals, to keep money in the pockets of South Africans, and to create conditions for greater investment in the economy.

Financial sector reforms

Retirement funds play a critical role in channelling savings into productive investments. Regulation 28 of the Pension Funds Act sets out the criteria through which these funds may make investments.

Changes have been proposed to these regulations to enable greater investment in infrastructure by these funds. After consultation on these changes, the amendments will be gazetted next month.

Government has also proposed a fundamental restructuring of the retirement system for individuals to allow for greater preservation and partial access to funds through a “two-pot” system.

Part of this proposal includes the possibility of short-term access, which would be dependent on the approval by trustees of each fund.

Consultations are proceeding following the release of a discussion paper last year and the draft legislation on these amendments will be published for comment in the middle of the year.

CONCLUSION

In conclusion, I would like to reiterate our commitment to the reconstruction and recovery of our economy; saving lives and restoring livelihoods, as well as securing the long-term prosperity of our nation.

It is often said, and I believe that this applies to the circumstances under which we deliver this budget: *“You won’t realize the distance you have walked, until you look around and realize how far you have been.”*

We have been on this journey for a long time. And we still have a long distance to walk before reaching our goal.

Madam Speaker, I take this opportunity to thank the President and Deputy President for their leadership and guidance during these difficult times.

I want to also express my appreciation to Deputy Minister, Dr David Masondo, for his support.

The Treasury team, led by Director-General Dondo Mogajane, continues to undertake their task with dedication, and I express my thanks to them.

My sincere gratitude also goes to the Commissioner of the South African Revenue Service, Edward Kieswetter, and the hard-working team at SARS.

Many thanks to the Governor of the South African Reserve Bank, Mr. Lesetja Kganyago and the staff of the Bank, for their work and support.

Let me also thank my colleagues in the Ministers’ Committee on the Budget and in the Budget Council, and MEC’s of Finance from various provinces, who have shared the load of the tough decisions that have to be made in the current climate.

Similarly, the Parliamentary Committees of Finance and Appropriations, I express my sincere appreciation. Finally, we pay tribute to the millions of South Africans, whose resilience and courage during these times of pandemic and economic hardship, is an inspiration to all of us who have the privilege to serve in the public sector.

Thank you.

2022 Budget Speech

Summary of the national budget

	2021/22		2022/23	2023/24	2024/25
	Budget estimate	Revised estimate	Budget estimate	Medium-term estimates	
R million					
REVENUE					
Estimate of revenue before tax proposals			1 603 647		
Budget 2022/23 proposals:			-5 200		
Direct taxes			-2 200		
Personal income tax					
Increasing brackets by inflation			-		
Revenue if no adjustment is made			13 500		
Increase in brackets and rebates by inflation			-13 500		
Expansion of the employment tax incentive			-2 200		
Corporate income tax					
Reform package			-		
Reduction in corporate income tax rate to 27 per cent			-2 600		
Restriction of assessed losses			1 100		
Additional interest limitation			1 500		
Indirect taxes			-3 000		
Fuel levy					
Not adjusting the general fuel levy			-3 500		
Specific excise duties					
Increase in excise duties on alcohol			400		
Increase in excise duties on tobacco			100		
Estimate of revenue after tax proposals	1 351 672	1 549 068	1 588 044	1 660 223	1 774 174
Percentage change from previous year			2.5%	4.5%	6.9%
EXPENDITURE					
Direct charges against the National Revenue Fund	830 023	874 411	902 658	920 040	970 094
Debt-service costs	269 741	268 306	301 806	334 979	363 515
Provincial equitable share	523 686	544 835	560 757	543 149	562 018
General fuel levy sharing with metropolitan municipalities	14 617	14 617	15 335	15 433	16 127
Skills levy and sector education and training authorities	17 813	18 933	20 619	22 329	24 099
Other ¹⁾	4 165	27 720	4 141	4 149	4 335
Appropriated by vote	980 584	1 025 806	1 057 029	1 013 673	1 059 387
Current payments	255 691	263 444	260 680	254 858	267 246
Transfers and subsidies	663 138	696 796	755 267	740 774	775 225
Payments for capital assets	15 004	15 318	15 506	16 124	16 053
Payments for financial assets	46 751	50 248	25 577	1 917	863
Provisional allocations	11 645	-	5 569	28 295	32 078
Provisional reduction allocation to fund the Land Bank	-5 000	-	-	-	-
Provisional allocation not assigned to votes	12 645	-	1 372	1 852	2 209
Provisional allocation for Eskom restructuring	-	-	-	21 015	22 000
Infrastructure Fund not assigned to votes	4 000	-	4 197	5 428	7 869
Unallocated reserve	-	-	-	25 000	30 000
Total	1 822 252	1 900 217	1 965 257	1 987 007	2 091 559
Plus:					
Contingency reserve	12 000	-	10 000	5 000	5 000
National government projected underspending	-	-4 263	-	-	-
Estimate of national expenditure	1 834 252	1 895 954	1 975 257	1 992 007	2 096 559
Percentage change from previous year			4.2%	0.8%	5.2%
2021 Budget estimate of expenditure		1 834 252	1 870 833	1 911 046	
Increase / decrease (-)		61 702	104 423	80 961	
Gross domestic product	5 352 236	6 251 494	6 441 288	6 805 312	7 233 716

1) Includes direct appropriations in respect of the salaries of the President, Deputy President, judges, magistrates, members of Parliament, National Revenue Fund payments (previously classified as extraordinary payments), Auditor-General of South Africa, the International Oil Pollution Compensation Fund and allocations made in the Second Adjustments Appropriation Bill as well as allocations not spent in terms of the Special Appropriation Act (2021) for departments of Health (COVID-19 vaccine rollout) and Social Development (social relief of distress grant).
Source: National Treasury

2022 Budget Speech

Summary of the consolidated budget					
R million	2021/22		2022/23	2023/24	2024/25
	Budget estimate	Revised estimate	Budget estimate	Medium-term estimates	
National budget revenue ¹⁾	1 351 672	1 549 068	1 588 044	1 660 223	1 774 174
Revenue of provinces, social security funds and public entities	168 695	172 235	182 601	192 983	203 457
Consolidated budget revenue ²⁾	1 520 367	1 721 303	1 770 645	1 853 206	1 977 632
National budget expenditure ¹⁾	1 834 252	1 895 954	1 975 257	1 992 007	2 096 559
Expenditure of provinces, social security funds and public entities	186 108	181 094	182 011	184 795	185 226
Consolidated budget expenditure ²⁾	2 020 360	2 077 049	2 157 267	2 176 802	2 281 785
Consolidated budget balance	-499 994	-355 746	-386 622	-323 596	-304 154
<i>Percentage of GDP</i>	<i>-9.3%</i>	<i>-5.7%</i>	<i>-6.0%</i>	<i>-4.8%</i>	<i>-4.2%</i>
FINANCING					
Domestic loans (net)	336 798	221 468	245 604	291 592	270 273
Foreign loans (net)	42 992	77 989	34 685	25 883	33 693
Change in cash and other balances	120 203	56 289	106 334	6 122	188
Total financing (net)	499 994	355 746	386 622	323 596	304 154

1) Transfers to provinces, social security funds and public entities presented as part of the national budget.

2) Flows between national and provincial government, social security funds and public entities are netted out.

Source: National Treasury

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