

5

2025 BUDGET REVIEW
**CONSOLIDATED
SPENDING PLANS**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

In brief

- 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.

OVERVIEW

The 2025 Budget outlines medium-term spending plans and ensures government can meet its fiscal goals. Consolidated government spending is projected to increase from R2.4 trillion in 2024/25 to R2.83 trillion in 2027/28. In real terms, consolidated spending grows by 1.1 per cent over the medium term. South Africa needs to get better value for money from this large budget.



Government spending remains highly redistributive, with a majority of the budget allocated to the social wage – spending on health, education, social protection, community development and employment programmes.

Table 5.1 Social wage

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
R billion	Outcome			Revised estimate	Medium-term estimates		
Community development	164.1	182.1	201.0	213.5	230.2	236.1	246.1
Housing development	27.0	25.7	26.5	28.3	28.6	27.9	28.3
Transport	29.4	37.5	46.0	48.6	54.3	53.9	56.3
Basic services and local government ¹	107.7	118.9	128.5	136.6	147.3	154.2	161.4
Employment programmes	17.6	19.1	19.1	18.9	20.7	21.9	23.5
Health	228.5	235.3	243.3	254.3	272.8	286.8	300.0
Basic education	262.5	276.2	291.4	299.3	321.3	341.0	357.0
Higher education and training	55.9	61.6	65.2	69.2	72.3	76.0	80.2
Social protection	252.2	260.3	277.8	296.2	318.6	337.6	345.7
<i>of which: Social grants</i>	222.7	233.0	250.5	267.3	284.8	299.7	313.2
Social security funds	76.2	66.4	65.5	80.3	82.6	81.8	84.5
Total	1 057.0	1 101.0	1 163.3	1 231.7	1 318.5	1 381.2	1 436.9
<i>Percentage of non-interest spending</i>	59.4%	59.9%	61.1%	61.1%	60.8%	61.3%	61.0%
<i>Percentage of consolidated spending</i>	51.6%	51.3%	51.5%	51.2%	50.9%	51.1%	50.7%

1. Includes local government equitable share

Source: National Treasury

The 2025 Budget also includes provisional allocations that will be made available to departments during 2025/26 and over the medium term once certain conditions are met, and departmental plans and programmes are updated.

REVISIONS TO SPENDING PLANS

The 2025 Budget funds spending pressures of R232.6 billion over the MTEF period. These spending additions are partially offset by drawdowns on provisional allocations and contingency reserves, resulting in a net increase in non-interest expenditure of R142 billion. The main spending additions are for critical infrastructure investments, social protection and a higher-than-anticipated public-service wage agreement, alongside provisional allocations for critical frontline services.



After the approval of the 2024 *Medium Term Budget Policy Statement* (MTBPS), provisional allocations were increased by R70.7 billion. These amounts are provisionally allocated mainly for goods and services and compensation of employees in critical frontline services. This funding will address significant pressures in provincial health and education, expand access to and improve the quality of early childhood development, support the employment of doctors after their community service ends, increase the availability of medicines and medical supplies, and strengthen capacity within the Border Management Authority.

Government remains committed to improving performance and efficiency in the public service. Access to funding to address compensation shortfalls will be linked to participation in the early retirement initiative, which is allocated R4.4 billion in 2025/26 and R6.6 billion in 2026/27. These amounts are set aside for departments to access during each financial year if they meet the relevant requirements, such as the minimum age of each applicant and confirmation that each application has been approved by the relevant executive authority. Departments will be allowed to retain their savings from this initiative, and may use them to address existing compensation pressures and support capacity building.



The 2025 Budget directs resources to growth-enhancing activities, particularly infrastructure, and advances regulatory reforms to support investment spending. It allocates an additional R46.7 billion for critical infrastructure projects. This includes support for projects approved as part of the Budget Facility for Infrastructure and investments in passenger rail transport to modernise signalling technology systems that will improve service frequency, safety and efficiency. As outlined in Chapter 6, the budget also aims to reverse declining water, electricity and solid waste services in cities through R8.5 billion earmarked for the turnaround of these entities. Finally, funding for disaster response will be supported by reforms to address inefficiencies in disaster management funding through a review of the conditional grants system.

In summary, the main proposed spending additions over the medium term include:

- R46.7 billion for infrastructure investments.

- R35.2 billion to extend the *COVID-19 social relief of distress grant* until March 2026.
- R23.4 billion for the costs of the 2025 public-service wage agreement.
- R11 billion to implement early retirement measures in 2025/26 and 2026/27.
- R8.2 billion to increase the value of social grants by more than inflation.
- R5 billion for the carry-through costs for the deployment of South African National Defence Force (SANDF) troops in the Democratic Republic of the Congo.
- R4.6 billion in 2025/26 for public employment programmes.
- R3.2 billion in 2025/26 for national government's share of the debt repayment for the South African National Roads Agency Limited (SANRAL). In addition, Gauteng province will pay R13.4 billion for its share of the debt repayment to SANRAL.

Table 5.2 Spending additions funded over the MTEF period

R million	2025/26	2026/27	2027/28	MTEF total
Infrastructure investment	14 104	15 833	16 741	46 678
Budget Facility for Infrastructure window 8 projects	3 346	5 380	3 086	11 812
Disaster management*	1 851	1 099	1 050	4 000
Passenger Rail Agency of South Africa*	5 890	5 423	7 923	19 236
Turnaround revenue-generating services in metros*	2 404	2 031	4 022	8 457
Western Cape Rapid Schools Build Programme	1 048	1 250	–	2 298
Drakenstein project allocation	–	225	–	225
Rescheduling of MyCiti	-435	425	660	650
2025 public-service wage agreement and carry-through costs	7 317	7 842	8 211	23 371
Early retirement costs*	4 400	6 600	–	11 000
COVID-19 social relief of distress grant	35 169	–	–	35 169
Social grants above-inflation increases	1 594	3 265	3 344	8 203
Provisional allocations for frontline services	22 234	23 504	24 978	70 716
Education: provincial education compensation costs and expansion of ECD provision*	8 113	9 647	11 335	29 095
Health: provincial health compensation costs, unemployed doctors and goods and services*	9 311	9 644	9 991	28 946
Defence: compensation costs shortfalls*	2 500	2 090	2 184	6 774
Correctional services: compensation costs shortfalls*	840	878	917	2 635
Home Affairs: digitisation and human resource capacitation*	1 470	1 245	550	3 265
Other spending additions	17 619	11 135	8 707	37 460
SARS spending adjustments and further support	500	1 500	1 500	3 500
Employment programmes	4 592	–	–	4 592
SANRAL GFIP phase 1 debt repayment ¹ and maintenance backlog	8 681	4 639	3 314	16 634
SANDF troop deployment in DRC	1 800	1 747	1 480	5 027
Spending additions to various institutions ²	1 443	871	917	3 231
Local government elections	–	1 435	–	1 435
Direct charges ³	603	942	1 496	3 042
Total additions to baselines and provisional allocations	102 438	68 179	61 981	232 598

* Provisional allocations not appropriated to votes

1. Includes the national government portion of R3.2 billion in 2025/26

2. Includes G20 and ICASA spectrum auction cost in 2025/26, new ministries and deputy ministries carry-through costs and financing of Parliament and Office of Chief Justice funding pressures

3. Include additions for injury on duty and post-retirement medical benefits

Source: National Treasury



PROVISIONAL ALLOCATIONS

As reflected in Table 5.2, a portion of additions to planned spending is in the form of provisional allocations. These are funds that, though set aside for a specific purpose, will only be made available to departments when they demonstrate readiness or meet specific conditions. For example, provisional allocations to address compensation shortfalls in the departments of Defence and Correctional Services will be appropriated to these departments once the extent of their participation in the early retirement programme is clarified.

In this regard, the 2025 Budget includes provisional allocations not appropriated to votes of R37.1 billion in 2025/26, R83 billion in 2026/27 and R84.7 billion in 2027/28. These cover a wide range of critical services and other priorities, as shown in Table 5.3.

Table 5.3 Provisional allocations not appropriated

R million	2025/26	2026/27	2027/28	MTEF total
Provisional allocations from 2024 Budget				
SASSA free ATM withdrawal	5	183	191	379
BFI - Tygerberg Hospital	212	–	–	212
BFI - Klipfontein Hospital	60	–	–	60
Employment programmes	–	7 415	7 751	15 166
COVID-19 social relief of distress grant	–	36 756	38 411	75 167
Provisional allocations not appropriated to votes				
Early retirement costs	4 400	6 600	–	11 000
Infrastructure investment				
Infrastructure Fund	–	–	425	425
Disaster management	1 851	1 099	1 050	4 000
Passenger Rail Agency of South Africa	5 890	5 423	7 923	19 236
Turnaround of services in metros	2 404	2 031	4 022	8 457
Provisional allocations for frontline services				
Education	8 113	9 647	11 335	29 095
Health	9 311	9 644	9 991	28 946
Defence	2 500	2 090	2 184	6 774
Correctional Services	840	878	917	2 635
Home Affairs	1 470	1 245	550	3 265
Total	37 056	83 011	84 749	204 816

Source: National Treasury

CONSOLIDATED GOVERNMENT EXPENDITURE

Table 5.4 outlines spending plans by function, debt-service costs and the contingency reserve. Total consolidated government spending is expected to grow at an average annual rate of 5.6 per cent, from R2.4 trillion in 2024/25 to R2.83 trillion in 2027/28.

The Budget includes once-off support for the G20 hosting requirements. South Africa's G20 Presidency in 2025 seeks to enhance solidarity through unified effort and cooperation among nations, and to promote equality through the fair treatment and advancement of all people.

Table 5.4 Consolidated government expenditure by function¹

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Learning and culture	482 326	508 685	536 359	562 393	23.8%	5.3%
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%
Health	277 229	298 894	313 698	328 890	13.9%	5.9%
Social development	396 970	422 307	441 107	452 683	19.5%	4.5%
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%
Community development	267 800	286 603	293 499	305 611	13.1%	4.5%
Economic development	252 354	289 758	297 788	318 400	13.4%	8.1%
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%
Peace and security	250 372	266 113	277 566	287 049	12.3%	4.7%
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%
General public services	77 133	78 661	81 064	84 200	3.6%	3.0%
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%
Payments for financial assets	10 213	11 416	7 211	5 903		
Allocated by function	2 014 397	2 162 437	2 248 292	2 345 129	100.0%	5.2%
Debt-service costs	389 561	424 869	449 185	478 611		7.1%
Contingency reserve	–	5 000	5 500	11 127		
Consolidated expenditure	2 403 958	2 592 306	2 702 978	2 834 867		5.6%

1. The main budget and spending by provinces, public entities and social security funds financed from own revenue
Source: National Treasury

Debt-service costs are higher than estimated in the 2024 MTBPS due to the annual budget deficit, elevated interest rates and a weaker exchange rate. Over the MTEF period, government will spend more on debt-service costs than on health, basic education or social development.

From the perspective of economic classification, Table 5.5 shows that current payments constitute the largest share of the budget, driven mainly by compensation of employees, which makes up 31.9 per cent of total spending. Transfers and subsidies grow at an annual

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average rate of 4.4 per cent. Payments for capital assets are the fastest-growing item, at 8.1 per cent annually, mainly because of infrastructure allocations for transport and water projects.

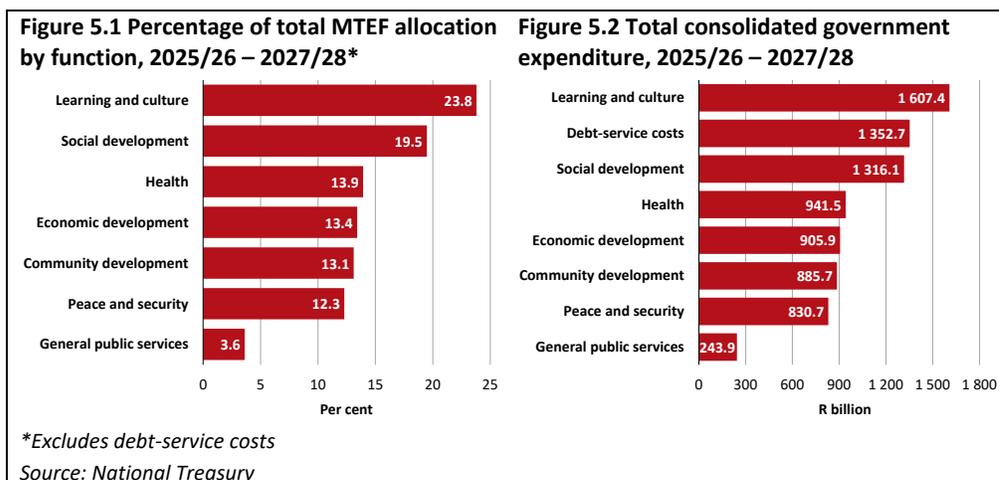
Table 5.5 Consolidated government expenditure by economic classification¹

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Economic classification						
Current payments	1 487 471	1 608 262	1 685 081	1 770 794	62.5%	6.0%
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>	389 561	424 869	449 185	478 611	16.7%	7.1%
Transfers and subsidies	789 808	832 413	869 493	899 913	32.1%	4.4%
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%
Payments for capital assets	116 466	135 215	135 692	147 130	5.2%	8.1%
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%
Payments for financial assets	10 213	11 416	7 211	5 903		
Total	2 403 958	2 587 306	2 697 477	2 823 741	100.0%	5.5%
Contingency reserve	–	5 000	5 500	11 127		
Consolidated expenditure	2 403 958	2 592 306	2 702 978	2 834 867		5.6%

1. The main budget and spending by provinces, public entities and social security funds financed from own revenue
Source: National Treasury

SPENDING PRIORITIES BY FUNCTION

Spending across functions supports the implementation of policy priorities. Learning and culture receives 23.8 per cent (R1.61 trillion) of the total budget for functions, while the general public services function receives the smallest share at 3.6 per cent (R243.9 billion).



Learning and culture

Spending in this function group is dominated by employee compensation in provincial education departments, which accounts for 52.1 per cent of total function group spending and 78 per cent of provincial education budgets. Mother tongue-based bilingual education and early grade reading are key focus areas for the basic education sector, with R99 million redirected over the MTEF period to support teacher training, the development of new teaching and learning resources, and the monitoring of these strategies.

Additionally, to extend early childhood development (ECD) coverage, R210 million has been reprioritised in 2026/27 and 2027/28 to upgrade and construct ECD centres. Two school infrastructure projects recommended by the Budget Facility for Infrastructure (BFI) in Gauteng and the Western Cape are included in the *education infrastructure grant*. The department will submit a sector request to the BFI to meet infrastructure needs in the other provinces. Provincial education departments will continue to prioritise improving educational outcomes by providing learning materials, enhancing school infrastructure, allocating funds to schools and developing teachers.

Meanwhile, the Department of Higher Education is implementing a pilot student funding model for the “missing middle”, which refers to students from families with annual incomes ranging from R350 000 to R600 000. The National Student Financial Aid Scheme will manage these loans using funds provided by the National Skills Fund, amounting to R1.5 billion in 2024/25 and R3 billion over the MTEF period.

The apprenticeship and skills development levy systems will be reviewed. The goal, in collaboration with the private sector, is to double the number of artisans completing trade tests in the next three years through increased work-based learning opportunities.

The arts, culture, sport and recreation sector is allocated R38.4 billion over the medium term to support school sports, national recreation events and selected sporting codes, as well as to preserve and promote the cultural, heritage and linguistic diversity of South Africa.



Table 5.6 Learning and culture expenditure

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Basic education	324 856	349 582	369 280	385 981	68.7%	5.9%
<i>of which:</i>						
Provincial compensation of employees	246 592	265 632	279 884	292 512	52.1%	5.9%
Workbooks and LTSM ¹	6 673	6 742	7 581	8 933	1.4%	10.2%
National school nutrition programme	9 798	10 319	10 791	11 279	2.0%	4.8%
Subsidies to schools ²	26 435	29 444	32 075	34 475	6.0%	9.3%
School infrastructure ³	15 274	16 631	17 247	16 762	3.2%	3.1%
Early childhood development	10 616	13 572	15 429	17 376	2.9%	17.8%
Post-school education and training	145 207	146 640	154 343	163 194	28.9%	4.0%
<i>of which:</i>						
University subsidies	44 499	47 003	49 017	51 234	9.2%	4.8%
<i>of which:</i>						
Higher education institutions infrastructure	2 976	1 388	1 734	1 993	0.3%	-12.5%
National Student Financial Aid Scheme ⁴	53 237	55 361	58 131	61 511	10.9%	4.9%
Technical and vocational education and training	13 092	13 752	14 606	15 721	2.7%	6.3%
<i>of which:</i>						
Compensation of employees	8 269	8 922	9 444	9 875	1.8%	6.1%
TVET infrastructure	388	196	316	780	0.1%	26.3%
Subsidies	4 436	4 634	4 847	5 066	0.9%	4.5%
Community education and training	2 820	3 285	3 272	3 421	0.6%	6.7%
<i>of which:</i>						
Compensation of employees	2 699	2 885	3 054	3 193	0.6%	5.8%
CET infrastructure	121	400	218	228	0.1%	23.5%
Skills development levy institutions ⁵	30 370	27 862	29 804	31 726	5.6%	1.5%
Arts, culture, sport and recreation	12 264	12 462	12 735	13 218	2.4%	2.5%
Total	482 326	508 685	536 359	562 393		5.3%

1. Learner and teacher support material

2. Includes some provision for LTSM and property payments for schools that manage their own budgets

3. Education infrastructure grant and the school infrastructure backlogs grant

4. Total payments made from all income sources, including Funza Lushaka teacher bursaries and debt repayments from students

5. Spending of the 21 sector education and training authorities and the National Skills Fund

Source: National Treasury

Health



The health function is allocated R941.5 billion over the MTEF period to support the equitable provision of public health services, including free primary healthcare. About 44.7 per cent of this allocation is directed to funding district health services, particularly primary healthcare facilities such as clinics and community health centres, which also provide outreach services. This level of care is recognised as the most efficient and effective due to its focus on disease prevention and proximity to communities. Almost 98 per cent of the budget for this function is allocated to provinces, amounting to about R922.7 billion. Employee compensation accounts for 64.1 per cent of the provincial total. To maintain an adequate number of healthcare personnel, especially doctors and nurses,

the sector plans to focus on stricter enforcement of existing policies such as overtime work and remuneration for work performed outside the public sector.

Table 5.7 Health expenditure

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Health expenditure	277 229	298 894	313 698	328 890	100.0%	5.9%
<i>of which:</i>						
<i>Central hospital services</i>	53 937	58 319	60 709	63 305	19.4%	5.5%
<i>Provincial hospital services</i>	45 608	49 017	51 178	53 400	16.3%	5.4%
<i>District health services</i>	123 716	132 146	140 664	147 745	44.7%	6.1%
<i>of which:</i>						
<i>HIV and TB</i>	24 724	24 927	26 073	27 252	8.3%	3.3%
<i>Emergency medical services</i>	10 660	10 945	11 358	11 764	3.6%	3.3%
<i>Facilities management and maintenance</i>	11 011	11 902	11 965	12 364	3.8%	3.9%
<i>Health science and training</i>	6 057	6 845	7 134	7 469	2.3%	7.2%
<i>National Health Laboratory Service</i>	13 259	14 083	15 013	16 216	4.8%	6.9%
<i>National Department of Health¹</i>	5 668	7 111	6 577	6 807	2.2%	6.3%
Total	277 229	298 894	313 698	328 890	100.0%	5.9%
<i>of which:</i>						
<i>Compensation of employees</i>	178 942	193 626	202 339	211 102	64.5%	5.7%
<i>Goods and services</i>	78 204	83 159	89 521	95 386	28.5%	6.8%
<i>Transfers and subsidies</i>	6 649	6 938	7 255	7 454	2.3%	3.9%
<i>Buildings and other fixed structures</i>	7 339	9 405	8 465	8 612	2.8%	5.5%
<i>Machinery and equipment</i>	6 053	5 748	6 105	6 319	1.9%	1.4%

1. Excludes grants and transfers reflected as expenditure in appropriate sub-functional areas

Source: National Treasury

As part of strengthening the health system and preparing for the national health insurance (NHI) policy, the Department of Health will fund the development of a patient information system, a centralised chronic medicine dispensing and distribution system, and a facility medicine stock surveillance system. Over the MTEF period, the indirect and direct conditional grants for NHI are allocated R8.5 billion and R1.4 billion respectively.

Sustained allocations for direct and indirect infrastructure grants, including potential additional funding through the BFI, as outlined in the 2024 MTBPS, will focus on new or replacement buildings, upgrades, rehabilitation and maintenance. The total infrastructure allocation is R37.4 billion over the MTEF period, including provisional allocations from the BFI and new allocations for Siloam District Hospital and Tygerberg Hospital equipment through a public-private partnership in 2027/28. It remains important to improve efficiency in expenditure, including in the areas of commuted overtime, public procurement and price benchmarking.

Social development

The social development function is allocated R422.3 billion in 2025/26, which increases to R452.7 billion in 2027/28 at an average annual growth rate of 4.5 per cent. This funding supports poverty reduction through social grants, the provision of risk benefits through social insurance and the delivery of welfare services, development initiatives,

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empowerment programmes, gender equality initiatives and advocacy for children, women, youth, the elderly and individuals with disabilities.

Table 5.8 Social development expenditure

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Social protection expenditure	300 157	322 852	342 102	350 319	100.0%	5.3%
<i>of which:</i>						
<i>Social grants</i>	267 327	284 751	262 928	274 750	81.0%	0.9%
<i>of which:</i>						
<i>Child support</i>	84 918	90 366	94 077	98 076	27.8%	4.9%
<i>Old age¹</i>	106 873	117 362	124 928	131 020	36.8%	7.0%
<i>Disability</i>	28 604	30 273	32 038	33 532	9.4%	5.4%
<i>Foster care</i>	3 845	3 431	3 210	3 056	1.0%	-7.4%
<i>Care dependency</i>	4 529	4 960	5 086	5 316	1.5%	5.5%
<i>Grant-in-aid</i>	2 977	3 066	3 145	3 287	0.9%	3.4%
<i>Social relief of distress</i>	35 581	35 293	443	463	3.6%	
Provincial social development	22 113	23 331	24 235	25 048	7.2%	4.2%
Women, youth and persons with disabilities	1 019	1 362	844	882	0.3%	-4.7%
Social security funds	96 813	99 455	99 006	102 363	29.6%	1.9%
Road Accident Fund	49 267	50 161	51 309	52 588	15.2%	2.2%
Unemployment Insurance Fund	35 660	38 117	36 027	37 545	11.0%	1.7%
Compensation funds	11 886	11 178	11 670	12 231	3.5%	1.0%
Total	396 970	422 307	441 107	452 683	100.0%	4.5%
<i>Social grants as percentage of GDP</i>	3.6%	3.6%	3.1%	3.0%		
Social grant beneficiary numbers by grant type (thousands)						
Child support	13 218	13 242	13 266	13 290	60.3%	0.2%
Old age ¹	4 138	4 258	4 378	4 498	19.9%	2.8%
Disability	1 059	1 073	1 088	1 103	4.9%	1.4%
Foster care	214	197	182	168	0.8%	-7.8%
Care dependency	174	181	188	195	0.9%	3.9%
COVID-19 SRD	8 305	8 712	–	–	13.2%	
Total	27 108	27 663	19 102	19 254	100.0%	-10.8%

1. Includes war veterans

Source: National Treasury



Social grant spending makes up 81 per cent of the allocation for this function. At an average annual growth rate of 5.3 per cent, social protection spending increases above inflation over the medium term; however, social grant reform and efficiency savings will be necessary to ensure the sustainability of the social security system. The number of social grant beneficiaries, excluding the *COVID-19 social relief of distress grant*, is expected to rise from 19 million in 2025/26 to 19.3 million in 2027/28, primarily due to the growing population of older people. Therefore, the sector's operational budget will be subject to conditions, including the need to improve biometric verification of recipients to achieve savings.

The budget for social grants is increased by R8.2 billion over the medium term to account for higher costs of living. In April 2025, the *old age grant*, *war veterans grant*, *disability grant* and *care dependency grant* will each increase by R130. The *foster care grant* will

increase by R70 in April to R1 250. The *child support grant* and *grant-in-aid grant* will both rise by R30 in April to R560.

The *COVID-19 social relief of distress grant* will be extended by another year until 31 March 2026. An amount of R35.2 billion is allocated to extend the payment at the current R370 per month per beneficiary, including administration costs.

Table 5.9 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

The Department of Women, Youth and Persons with Disabilities is allocated an additional R71.7 million over the MTEF period for operations and public-service wage increases, and to lead the Women Empowerment Working Group of the G20. The National Youth Development Agency has been allocated R549.8 million for the national youth service programme over the same period.

Community development

Spending in the community development function is expected to increase by an average of 4.5 per cent annually over the medium term due to growth in the local government equitable share and allocations for infrastructure. Priorities include improving responses to disasters, increased oversight over local government, investments in public transport, affordable housing, implementation of the Integrated National Electrification Programme, supporting just energy transition measures, and continuing to invest in water, sanitation and other infrastructure through conditional grants.

To support infrastructure development, R885.7 billion is allocated. This will be concentrated on supporting the recovery of the Passenger Rail Agency of South Africa, improving the financial viability of trading entities, bulk infrastructure maintenance and development at the municipal level, post-disaster infrastructure recovery investments and expanding electricity transmission lines through the National Transmission Company of South Africa.



Table 5.10 Community development expenditure

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Community development	267 800	286 603	293 499	305 611	100.0%	4.5%
<i>of which:</i>						
Human settlements	41 473	41 764	41 811	42 626	14.2%	0.9%
Public transport, including commuter rail	61 192	67 736	68 380	70 001	23.3%	4.6%
Local government equitable share	99 478	106 087	110 661	115 666	37.5%	5.2%
Municipal infrastructure grant	17 054	19 762	21 392	24 259	7.4%	12.5%
Regional and local water and sanitation services	12 364	13 108	13 026	13 266	4.4%	2.4%
Electrification programmes	4 222	4 287	4 364	4 561	1.5%	2.6%
Total	267 800	286 603	293 499	305 611	100.0%	4.5%
<i>of which:</i>						
Compensation of employees	19 260	19 763	20 256	20 778	6.9%	2.6%
Goods and services	17 998	19 700	17 402	17 388	6.2%	-1.1%
Transfers and subsidies	202 651	215 257	223 229	230 461	75.5%	4.4%
Buildings and other fixed structures	15 538	18 086	16 757	19 260	6.1%	7.4%
Machinery and equipment	11 425	13 298	15 241	17 000	5.1%	14.2%

Source: National Treasury

Economic development

Medium-term spending for economic development will primarily focus on economic regulation and infrastructure, with average growth of 8.1 per cent from R252.4 billion in 2024/25 to R318.4 billion in 2027/28.



Over the medium term, the Department of Science, Technology and Innovation will invest R3 billion in construction of the MeerKAT array and efforts to secure the hosting of part of the Square Kilometre Array. Guided by evidence and targeted public policy interventions, R2.9 billion will be invested annually in postgraduate development and research support. Additionally, R3.8 billion will be allocated annually to provide access to cutting-edge research infrastructure.

To enhance productivity, competitiveness and the green economy, government will spend R18.4 billion over the medium term to support businesses through various incentive programmes under the Department of Trade, Industry and Competition. These programmes include the automotive investment scheme, business process outsourcing, film and television production incentives, special economic zones, clothing and textile competitiveness programmes, the industrial park revitalisation programme and industrial development support for electric vehicle production.

The Department of Small Business Development is allocated R2.1 billion over the medium term to support about 120 000 competitive small businesses, particularly those owned by women, youth and persons with disabilities in marginalised areas such as townships and rural regions. In addition, government has allocated R313.7 million over the medium term for the establishment of micro, small and medium enterprise hubs to support business expansion.

Table 5.11 Economic development expenditure

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Economic regulation and infrastructure	143 280	175 738	179 033	194 392	60.6%	10.7%
<i>of which:</i>						
<i>Water resource and bulk infrastructure</i>	46 174	61 591	56 683	60 061	19.7%	9.2%
<i>Road infrastructure</i>	72 058	89 238	97 863	109 618	32.8%	15.0%
<i>Environmental programmes</i>	10 746	11 414	11 373	11 936	3.8%	3.6%
Job creation and labour affairs	21 567	23 658	25 286	26 964	8.4%	7.7%
<i>of which:</i>						
<i>Employment programmes¹</i>	18 852	20 655	21 944	23 470	7.3%	7.6%
Industrialisation and exports	39 379	40 760	41 402	43 400	13.9%	3.3%
<i>of which:</i>						
<i>Economic development and incentive programmes</i>	20 171	22 374	22 409	23 264	7.5%	4.9%
Innovation, science and technology	19 528	20 220	21 434	21 728	7.0%	3.6%
Agriculture and rural development	28 600	29 383	30 634	31 917	10.1%	3.7%
<i>of which:</i>						
<i>Land reform</i>	1 154	1 113	1 180	1 230	0.4%	2.1%
<i>Agricultural land holding account</i>	1 159	1 203	1 069	1 156	0.4%	-0.1%
<i>Restitution</i>	3 818	3 947	4 174	4 358	1.4%	4.5%
<i>Farmer support and development</i>	3 683	3 687	3 856	4 032	1.3%	3.1%
Total	252 354	289 758	297 788	318 400	100.0%	8.1%
<i>of which:</i>						
<i>Compensation of employees</i>	61 875	66 445	69 125	73 126	23.0%	5.7%
<i>Goods and services</i>	91 296	109 714	111 040	117 896	37.4%	8.9%
<i>Transfers and subsidies</i>	43 197	46 084	46 131	47 591	15.4%	3.3%
<i>Buildings and other fixed structures</i>	40 962	52 700	56 396	63 060	19.0%	15.5%
<i>Machinery and equipment</i>	5 443	5 243	5 034	5 680	1.8%	1.4%

1. Includes the Expanded Public Works Programme, the Community Works Programme and the Jobs Fund
Source: National Treasury

Government will merge the *comprehensive agricultural support programme grant* and the *Ilima/Letsema projects grant* into a single grant with the existing consolidated baseline of R7.3 billion over the MTEF period. This merger aims to streamline grant administration, improve resource allocation, and support commercial and subsistence farming. To minimise outbreaks of pests and diseases that affect agricultural production, the department will accelerate regulatory compliance and monitoring interventions costing R30.3 million over the medium term.

The Independent Communications Authority of South Africa is allocated R102 million in 2025/26 for the second phase of the licensing of spectrum through an auction process. This is expected to increase investment in networks, improve network quality, contribute to economic growth and lower data costs.



The Department of Land Reform and Rural Development will expedite the finalisation of outstanding land claims, prioritising older claims. Over the medium term, R11.6 billion is allocated to settle about 844 land restitution claims, with R3 billion earmarked to allocate 138 000 hectares of land.

Peace and security



This function aims to establish a capable developmental state by promoting safer communities, boosting business confidence, managing borders effectively and supporting development. The budget for the function grows by 4.7 per cent annually, from R250.4 billion in 2024/25 to R287 billion in 2027/28. This increase is primarily to fund SANDF troop deployment in the Democratic Republic of the Congo, enhance capacity in the judiciary and prepare for the 2026 local government elections.

Over the medium term, R119.1 million has been reprioritised within this function to help establish a shared forensic capability at the Financial Intelligence Centre. Moreover, R150 million will be reprioritised to the Directorate for Priority Crime Investigation over the next two years to improve forensic accounting services as part of an initiative to bolster efforts to combat complex financial crimes and corruption. The total cost of R300 million over 30 months will be equally shared between the directorate and the private sector, fostering a collaborative approach to tackling economic crimes. These allocations will help combat money laundering and the financing of terrorism, in line with recommendations from the Financial Action Task Force and the State Capture Commission.

Table 5.12 Peace and security expenditure

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Defence and state security	57 503	60 778	63 069	65 263	22.8%	4.3%
Police services	124 919	133 379	139 517	145 296	50.3%	5.2%
Law courts and prisons	54 507	58 059	60 765	63 664	22.0%	5.3%
Home affairs	13 443	13 898	14 216	12 826	21.6%	-1.6%
Total	250 372	266 113	277 566	287 049	100.0%	4.7%
<i>of which:</i>						
<i>Compensation of employees</i>	175 993	191 573	200 353	208 711	72.3%	5.8%
<i>Goods and services</i>	54 206	53 381	56 664	57 150	20.1%	1.8%
<i>Transfers and subsidies</i>	12 960	13 151	13 696	14 239	4.9%	3.2%
<i>Buildings and other fixed structures</i>	2 237	2 193	2 338	2 432	0.8%	2.8%
<i>Machinery and equipment</i>	4 764	5 598	4 306	4 321	1.7%	-3.2%

Source: National Treasury

An allocation of R821.2 million over the medium term is designated for the Office of the Chief Justice to enhance capacity, address the funding shortfall for employee compensation and cover operational costs. This funding will also support the development of an online court system to improve judicial efficiency and enhance access to justice.

To support the smooth conduct of the 2026 local government elections, R1.4 billion is allocated for 2026/27. Of this funding, R885 million will be directed to the Independent Electoral Commission to oversee and manage the electoral process. Additionally, R400 million will be allocated to the South African Police Service to ensure public safety and maintain order during the elections, while R150 million will go to the Department of Defence for logistical and security support.

As part of initiatives to strengthen border security and improve the management of ports of entry, R909 million has been reallocated over the next three years from the Department of Public Works and Infrastructure to the Border Management Authority under the Department of Home Affairs. This funding will enhance the management of infrastructure at ports of entry.

General public services

The general public services function focuses on building a capable, ethical and developmental state that delivers services to all citizens. Over the medium term, the budget grows by an average of 3 per cent annually.

At the time of the 2024 MTBPS, the South African Revenue Service was allocated R3.5 billion over the medium term to modernise its operations and enhance taxpayer services. The focus is on leveraging technology, data science and artificial intelligence to foster efficiency and transparency in tax administration while combating exploitation by criminal syndicates.



Table 5.13 General public services expenditure

R million	2024/25	2025/26	2026/27	2027/28	Percentage of total MTEF allocation	Average annual MTEF growth
	Revised estimate	Medium-term estimates				
Executive and legislative organs	17 639	17 837	18 023	18 728	22.4%	2.0%
Public administration and fiscal affairs	50 454	51 679	53 747	55 784	66.1%	3.4%
External affairs	9 040	9 146	9 294	9 688	11.5%	2.3%
Total	77 133	78 661	81 064	84 200	100.0%	3.0%
<i>of which:</i>						
Compensation of employees	37 085	38 930	40 807	42 656	50.2%	4.8%
Goods and services	24 655	25 538	26 254	27 230	32.4%	3.4%
Transfers and subsidies	11 206	10 712	11 366	11 780	13.9%	1.7%
Buildings and other fixed structures	2 251	2 074	1 576	1 603	2.2%	-10.7%
Machinery and equipment	944	671	547	541	0.7%	-16.9%

Source: National Treasury

The National Treasury is allocated R5.3 billion over the MTEF period for international institutions and agreements, including the Collaborative Africa Budget Reform Initiative, the Monetary Common Area and the International Monetary Fund's Regional Technical Assistance Centre for Southern Africa. The Department of International Relations and Cooperation also receives funding to further the African Union's Agenda 2063 and the United Nations' 2030 Agenda for Sustainable Development.

Medical benefits expenditure for former government employees is projected to rise from R5.4 billion in 2024/25 to R7.6 billion in 2027/28, growing at 12 per cent per year. This rise is mainly driven by increased premiums and a growing number of retired employees. An additional R2.7 billion will be allocated to account for expected premium increases and membership growth.

The abolition of the Department of Public Enterprises and transfer of functions to other ministries created savings of R151.4 million, most of which will be used to enhance public

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administration and modernise information and communications technology in the Presidency. The Department of Public Service and Administration is allocated R82.6 million over the medium term to implement measures to combat corruption, such as enforcing codes of conduct, providing protection to whistleblowers and conducting lifestyle audits for state employees.

CONCLUSION

Over the medium term, consolidated expenditure grows at an annual average of 5.6 per cent. Government spending continues to prioritise the social wage, focusing on critical areas such as health, education, social protection, community development and employment programmes. The 2025 Budget enables government to add funding for essential services, meet the demands of rising public-service wage obligations and drive significantly higher infrastructure investment.