

Estimates of National Expenditure 2025

**National Treasury
Republic of South Africa**



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The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. Also included are tables containing information on programme specific personnel expenditure, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of site service delivery is included, where appropriate.

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Foreword

Despite South Africa's ongoing challenges, the 2025 Budget represents a critical step towards the achievement of a balanced and equitable economic future for the country. It focuses on growing the economy through strategic infrastructure investments aimed at accomplishing faster economic growth, while stabilising public finances and supporting vulnerable households.

Consolidated government spending is projected to increase at an average annual rate of 5.6 per cent, from R2.4 trillion in 2024/25 to R2.83 trillion in 2027/28. Notably, an estimated 60 per cent of total non-interest spending over the next 3 years is allocated to supporting the social wage through grants, unemployment insurance and compensation for workplace disability. The state also operates various public employment programmes, spending on which is set to increase by R4.5 billion in 2025/26, while a further R15.2 billion is provisionally allocated over the medium term.

The 2025 Budget adds R46.7 billion for public infrastructure projects across various levels of government over the next 3 years, bringing the total allocation for these projects to an estimated R1.03 trillion. This includes amounts for road (R50.4 billion), energy (R219.2 billion) and water and sanitation (R156.3 billion) infrastructure. As a result of this capital investment, economic development is the fastest-growing function, spending in which is projected to increase at an average annual rate of 8.1 per cent.

No new reductions are proposed over the medium term, but this budget covers spending pressures through additional allocations amounting to R232.2 billion over the period. Included in this are provisional allocations of R70.7 billion for frontline service delivery departments.

As the 2025 Budget accommodates the costs of the first 3-year public service wage agreement since 2018, additional allocations were required for compensation of employees. Government aims to implement the early retirement incentive announced in the 2024 Medium-term Budget Policy Statement to rationalise and rejuvenate the public service. The initiative is expected to motivate up to 30 000 state employees to apply for early retirement over the next 2 years, with R11 billion allocated to support the programme.

This budget lays the foundation for sustainable growth by addressing immediate spending pressures while prioritising investments in infrastructure and providing social support. It strikes a delicate balance between expenditure and incremental revenue adjustments to stabilise the economy while providing important social assistance to those in need.



Dr Duncan Pieterse
Director-General: National Treasury

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* These are government components within votes

