

# #RSABUDGET2021 HIGHLIGHTS

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f RSA Budget

🐦 #RSABudget2021

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## BUDGET FRAMEWORK

- The budget deficit has been revised to 14 per cent of GDP in 2020/21 in response to the spending and economic pressures of the COVID-19 pandemic.
- Gross debt has increased from 65.6 per cent to 80.3 per cent of GDP for the year 2020/21.
- The 2021 Budget proposes measures to narrow the main budget primary deficit from 7.5 per cent of GDP in the current year to 0.8 per cent in 2023/24.
- The proposed fiscal framework will stabilise debt at 88.9 per cent of GDP in 2025/26.
- Government will roll out a free mass COVID-19 vaccination campaign for which R9 billion has been allocated in the medium term.
- Over the medium term, debt-service costs are expected to average 20.9 per cent of gross tax revenue.

## SPENDING PROGRAMMES

- Total consolidated spending amounts to R2 trillion each year over the medium term.
- The bulk of the spending is allocated to learning and culture (R402.9 billion), social development (R335.2 billion) and health (R248.8 billion) in 2021/22.
- The fastest-growing functions over the medium term are economic development, community development and general public services.
- The majority of funding for new and urgent priorities is provided through reprioritisation and reallocation of existing baselines.

## TAX PROPOSALS

- To support economic recovery, government will not raise any additional tax revenue in this budget.
- The personal income tax brackets and rebates will increase above the inflation rate of 4 per cent.
- Government will increase excise duties on alcohol and tobacco by 8 per cent for 2021/22.
- Inflation-related increases of 15c/litre and 11c/litre will be implemented for the general fuel levy and the RAF levy, respectively, with effect from 7 April 2021.
- The UIF contribution ceiling will be set at R17 711.58 per month from 1 March 2021.

## TAX REVENUE, 2021/22

**R516.0 bn**

Personal income tax

**R370.2 bn**

VAT

**R213.1 bn**

Corporate income tax

**R100.5 bn**

Customs and excise duties

**R83.1 bn**

Fuel levies

**R82.2 bn**

Other

## MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2020	2021	2022	2023
	Estimate	Forecast		
Household consumption	-5.9	2.9	2.4	2.0
Capital formation	-18.4	-2.4	3.9	3.9
Exports	-10.9	5.7	3.0	2.8
Imports	-16.5	6.3	4.6	2.5
<b>Gross domestic product</b>	<b>-7.2</b>	<b>3.3</b>	<b>2.2</b>	<b>1.6</b>
Consumer price inflation (CPI)	3.3	3.9	4.2	4.4
Current account balance (% of GDP)	1.7	-0.1	-1.0	-1.4

## CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2020/21	2021/22	2022/23	2023/24
	Revised estimate	Medium-term estimates		
<b>Revenue</b>	<b>1 362.7</b>	<b>1 520.4</b>	<b>1 635.4</b>	<b>1 717.2</b>
	27.7%	28.4%	28.9%	28.6%
<b>Expenditure</b>	<b>2 052.5</b>	<b>2 020.4</b>	<b>2 049.5</b>	<b>2 095.1</b>
	41.7%	37.7%	36.2%	34.9%
<b>Budget balance</b>	<b>-689.8</b>	<b>-500.0</b>	<b>-414.1</b>	<b>-377.9</b>
	-14.0%	-9.3%	-7.3%	-6.3%
<b>Gross domestic product</b>	<b>4 921.0</b>	<b>5 352.2</b>	<b>5 666.3</b>	<b>5 997.2</b>

## CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 2020/21-2023/24

R billion	2020/21	2021/22	2022/23	2023/24	2020/21-2023/24
	Revised estimate	Medium-term estimates			Average growth (excl. COVID-19)
Learning and culture	387.2	402.9	411.0	416.0	2.7%
Health	247.0	248.8	245.9	245.0	2.5%
Social development	413.3	335.3	326.2	325.2	2.4%
Community development	211.5	218.8	234.0	240.7	5.6%
Economic development	191.9	207.5	210.9	217.2	5.0%
Peace and security	218.6	208.6	212.9	213.4	-0.1%
General public services	62.5	68.4	68.5	69.1	3.5%
Payments for financial assets	87.6	48.2	27.2	24.9	
<b>Allocated expenditure</b>	<b>1 819.6</b>	<b>1 738.6</b>	<b>1 736.5</b>	<b>1 751.6</b>	<b>1.6%</b>
Debt-service costs	232.9	269.7	308.0	338.6	
Contingency reserve	-	12.0	5.0	5.0	
<b>Consolidated expenditure</b>	<b>2 052.5</b>	<b>2 020.4</b>	<b>2 049.5</b>	<b>2 095.1</b>	<b>3.3%</b>

# BUDGET2021/22

# BUDGET EXPENDITURE

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## CONSOLIDATED GOVERNMENT EXPENDITURE

# R2.02 TRILLION

# R1.21 TRILLION

## SOCIAL SERVICES



### R207.5 bn

#### ECONOMIC DEVELOPMENT

Economic regulation and infrastructure	R93.1 bn
Industrialisation and exports	R36.2 bn
Job creation and labour affairs	R33.4 bn
Agriculture and rural development	R27.4 bn
Innovation, science and technology	R17.4 bn

Basic education	R255.1 bn
University transfers	R45.6 bn
National Student Financial Aid Scheme	R37.3 bn
Skills development levy institutions	R21.3 bn
Education administration	R19.6 bn
Technical & vocational education and training	R13.0 bn



### R402.9 bn

#### LEARNING AND CULTURE



### R208.6 bn

#### PEACE AND SECURITY

Police services	R104.6 bn
Defence and state security	R48.5 bn
Law courts and prisons	R46.7 bn
Home affairs	R8.9 bn

District health services	R105.5 bn
Other health services	R51.4 bn
Central hospital services	R44.1 bn
Provincial hospital services	R38.1 bn
Facilities management and maintenance	R9.7 bn



### R248.8 bn

#### HEALTH



### R68.4 bn

#### GENERAL PUBLIC SERVICES

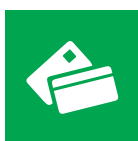
Public administration and fiscal affairs	R46.1 bn
Executive and legislative organs	R14.5 bn
External affairs	R7.9 bn

Municipal equitable share	R78.0 bn
Human settlements, water and electrification programmes	R52.9 bn
Public transport	R45.0 bn
Other human settlements and municipal infrastructure	R42.9 bn



### R218.8 bn

#### COMMUNITY DEVELOPMENT



### R269.7 bn

#### DEBT-SERVICE COSTS

Social security funds	R105.9 bn
Old-age grant	R86.5 bn
Child-support grant	R73.3 bn
Other grants	R35.7 bn
Provincial social development	R23.6 bn
Policy oversight and grant administration	R10.2 bn



### R335.3 bn

#### SOCIAL DEVELOPMENT



### R12.0 bn

#### CONTINGENCY RESERVE