

# SOUTH AFRICA'S 2025 BUDGET

Balancing Act Amid Economic Challenges

**Date:** March 12, 2025

**Time:** 2pm





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# INTRODUCTION

Finance Minister Enoch Godongwana has unveiled South Africa's 2025 Budget, focusing on stabilizing public finances, stimulating economic growth, and addressing critical infrastructure and social needs. The budget follows a three-week delay, reflecting the complexities of multiparty governance.





# ECONOMIC OVERVIEW & FISCAL STRATEGY

- South Africa's economy grew just **0.6% in 2024**, with **1.8% growth projected over the medium term**.
- The government aims to **achieve a primary budget surplus of 0.9% of GDP by 2025/26** and stabilize **debt at 76.2% of GDP**.
- Debt-service costs will amount to **R389.6 billion in 2025**, consuming **22 cents of every rand** in revenue—more than spending on health, police, and education combined.



# REVENUE & TAXATION

- VAT will **increase from 15% to 16% by 2026/27**, raising R28 billion in 2025/26.
- No inflationary adjustments will be made to **personal income tax brackets or medical tax credits**.
- To ease the burden, the **fuel levy will remain unchanged**, and additional **food items will be zero-rated for VAT**.





# INFRASTRUCTURE & ECONOMIC GROWTH



The government will **invest over R1 trillion in infrastructure** over three years:

- R402 billion for transport and logistics.
- R219.2 billion for energy.
- R156.3 billion for water and sanitation.

The **Independent Transmission Programme** and new **public-private partnership (PPP) regulations** will encourage private investment.





# SOCIAL SPENDING & PUBLIC SERVICES

- **Education & Early Childhood Development:** R19.1 billion will retain **11,000 teachers**, and R10 billion will expand early childhood care, raising the per-child subsidy.
- **Healthcare:** R28.9 billion will fund **9,300 healthcare workers** and ensure medicine availability.
- **Social Grants:** The **old age and disability grants increase** by R130, and the **child support grant rises** to R560. The COVID-19 Social Relief of Distress grant is extended to 2026, with plans to introduce a permanent income support scheme.
- **Peace & Security:** R9.4 billion will bolster **defence and correctional services**, including R5 billion for peacekeeping in the **Democratic Republic of Congo**.

# GOVERNANCE & FISCAL REFORMS

- A **review of conditional grants** will reduce inefficiencies.
- A “**ghost worker**” **audit** will address wasteful spending.
- **Local government financial reforms** will ensure better service delivery and infrastructure investment.

Godongwana emphasized the difficult but necessary choices required to sustain public finances while improving services and fostering economic growth. He urged taxpayers and public officials to support fiscal discipline and accountability, ensuring that resources reach those most in need.





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