

# #RSABUDGET2021 HIGHLIGHTS

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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>