MTBPS 2023 highlights

Current growth trajectory is insufficient to achieve desired development outcomes.

Public finances have weakened and gross debt is expected to exceed R6 trillion in 2025/26, when it will stabilise at approximately 77% of GDP.

Escalating debt-service costs are crowding out social spending with debt-service costs as a share of revenue increasing to 22.1% in 2026/27.

Additional funding is allocated to health, education and police services, and the COVID-19 Social Relief of Distress grant.

Spending has been curtailed by R21 billion for 2023/24, with reductions of R64 billion in 2024/25 and R69 billion in 2025/26 proposed.

The structure and size of the state are to be reviewed in line with the President’s 2023 State of Nation Address (SONA) commitment, inter alia addressing redundancy and executive remuneration.

New electricity generation from renewable energy investments, alongside the return of offline units, liberalised self-generation and sizeable private investment are likely to curb power cuts.

Reforms are needed in the transport sector to resolve the current crisis and Treasury is working with Transnet to ensure that immediate debt obligations are met.

Treasury acknowledges the important role of infrastructure investment in driving economic growth, with the establishment of an Infrastructure Finance and Implementation Support Agency to help crowd-in private sector finance and expertise.

The procurement system is being modernised with the Public Procurement Bill to strengthen integrity, enhance transparency and promote transformation.

Government spending priorities

Average nominal growth in spending in the medium term

- Learning and culture: 5.0%
- Health: 5.1%
- Social development: 4.0%
- Community development: 6.1%
- Economic development: 3.9%
- Peace and security: 3.5%
- General services: 2.1%
- Debt-service costs: 4.7%

The budget continues to prioritise social spending, including education, health and social grants, with social development expenditure forecast to increase at a higher pace of 2.6% over the relevant medium-term forecast period, compared to -0.1% forecast at the 2023 Budget.

Budget deficit

The budget deficit for 2022/23 came in better than expected at 3.7%, however the deficit under the medium-term estimate is projected to deteriorate to 4.9% in 2024/25 before reducing to 3.6% by 2026/27.

Spending has been curtailed by R21 billion for 2023/24, with reductions of R64 billion in 2024/25 and R69 billion in 2025/26 proposed.

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South Africa
Medium-Term Budget Policy Statement 2023
Persevering in a difficult environment

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