



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

# PBO

**PARLIAMENTARY  
BUDGET OFFICE**



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

## **Fiscal brief**

2024/25 Financial year analysis  
(April – December 2024)

February 2025

The Parliamentary Budget Office (PBO) has been established in terms of the Money Bills Amendment Procedure and Related Matters Act (Act 9 of 2009). The PBO provides independent, objective, and professional advice and analysis to Parliament on matters related to the budget and other money Bills. The PBO supports the implementation of the Act by undertaking research and analysis for the Finance and Appropriations Committees.

Director: Dr Dumisani Jantjies  
 Contributors: Dr Mukundi Maphangwa, Sibusisiwe Sibeko and Lwazikazi Ntinzi  
 Coordinator: Sbusisiwe Sibeko  
 Enquiries: [ssibeko@parliament.gov.za](mailto:ssibeko@parliament.gov.za)

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### 1. Purpose

The Fiscal Brief aims to update Members of Parliament (MPs) on the implementation of the national and provincial budgets as at the end of December 2024. This brief draws on information from the Public Finance Management Act (PFMA) Section 32 reports for national and provincial departments released on 30 January 2025. The Section 32 reports provide an overview of expenditure in the first nine months of the 2024/25 financial year.

### 2. National

The services provided by the national government are Central Government Administration, Justice and Protection Services, Financial and Administration Services, Economic Services and Infrastructure Development and Social Services. This section reports on the progress made with the implementation of the 2024/25 revised budget estimates. Both expenditures and revenue are discussed.

#### 2.1 Revenue Overview

Table 1 compares tax revenue collection between the 2023/24 and 2024/25 financial years, highlighting year-on-year changes across major tax instruments. The 2024 Budget Review estimated gross tax revenue at R1.86 trillion, with a revised estimate of R1.84 trillion, reflecting a 4.2 per cent growth from the previous financial year. By the end of December 2024, the actual collection recorded was R1.32 trillion, which is a 5.3 per cent increase from R1.25 trillion recorded over the same period in the previous

financial year. This performance is largely driven by Personal Income Tax (PIT), Value Added Tax (VAT), and Corporate Income Tax (CIT). PIT, CIT, and VAT account for 81.3 per cent of the total tax revenue, while the Fuel Levy, together with specific excise and customs duties, accounted for 12.5 per cent and the other taxes total the remaining 6.2 per cent.

Table 1: Tax revenue performance, Apr-Dec 2024

R billion	2024 Revised estimates		Actual Apr-Dec 24			Actual Apr-Dec 23		
	R billion	Y-on-Y % change	R billion	YTD Collection %	Y-on-Y % change	R billion	YTD Collection %	Y-on-Y % change
Personal Income Tax	729,00	12,7	521,69	71,56	13,2	460,80	71,25	8,3
Value Added Tax	463,76	4,0	322,17	69,47	1,3	318,09	71,35	6,0
Corporate Income Tax	314,41	4,7	230,35	73,27	-0,4	231,33	77,02	-14,3
Fuel Levy	82,37	-10,5	62,22	75,54	-9,1	68,43	74,35	19,6
Dividend tax	39,47	9,3	27,35	69,30	-10,1	30,43	84,21	2,7
Custom Duties	64,87	-5,7	46,80	72,14	5,2	44,48	64,68	-0,4
Specific Excise Duties	8,98	0,9	6,74	75,01	18,5	5,68	401,12	-4,3
Skills Development Levy	24,49	7,9	18,08	73,80	7,7	16,79	74,01	9,1
Ad-valorem	6,83	3,4	5,22	76,41	-8,8	5,72	86,36	83,9
Other	106,59	3,9	76,92	72,17	10,1	69,85	38,79	-1,2
<b>Gross Tax Revenue</b>	<b>1 840,8</b>	<b>6,4</b>	<b>1 317,5</b>	<b>71,58</b>	<b>5,3</b>	<b>1 251,6</b>	<b>72,3</b>	<b>2,4</b>

Source: Section 32 reports

PIT collections amounted to R521.69 billion (71.6%) in the first 9 months of the 2024/25 financial year, reflecting a 13.2 per cent year-on-year increase from R460.80 billion (71.3%) in the previous financial year. The South African Revenue Service (SARS) attributes the increase in PIT revenue collection to a recovery in employment and rising earnings in 2024/25. Furthermore, there has been a higher-than-expected windfall in the two-pot system. SARS has so far withheld almost R11 billion in tax on savings benefit withdrawals. In addition, SARS has issued directives for nearly a R1 billion in other taxes owed by retirement fund members who withdraw from their savings components.

CIT collections were R230.4 billion (73.3%), which is marginally lower than the R231.33 billion (77.0%) recorded in the 2023/24 financial year. Despite a 4.7 per cent upward revision in the 2024 revised estimates, actual collections indicate ongoing challenges in corporate profitability. According to the SARS, the decline in CIT, particularly in the mining

sector, is primarily due to lower commodity prices, which have eroded the revenue gains achieved during the previous two years of elevated prices.

VAT collection amounted to R322.17 billion (69.5%), reflecting a modest 1.3 per cent year-on-year increase from R318.09 billion (71.4%) in 2023/24. According to SARS, VAT revenue growth remained subdued as consumers continued to struggle with financial constraints driven by high interest rates, which have eroded disposable income and limited household spending.

Similarly, fuel levy revenue declined by 9.1 per cent year-on-year, decreasing from R68.4 billion to R62.22 billion. This decline is largely attributed to the absence of increases in the fuel levy or Road Accident Fund (RAF) levy in the 2023/24 financial year.

Dividend tax revenue declined by 10.1 per cent, year-on-year to R27.35 billion, down from R30.43 billion in 2023/24, due to weak corporate performance. Custom duties, however, showed positive growth, increasing collections to R46.8 billion (72.1%) from R44.48 billion (62.8%) in the previous financial year. According to SARS, the largest contributor to customs duties is the importation of vehicles, aircraft and vessels, as well as textiles and clothing.

Specific excise duties actual collections increased from R5.68 billion in the previous financial year to R6.74 billion in the current financial year. The Specific Excise Duties collections are mainly driven by the importation of beer, wine, spirits, and cigarettes.

The Skills Development Levy (SDL) collection rate increased by 7.7 per cent, year-on-year, from R16.8 billion in 2023/24 to R18.1 billion in the 2024/25 financial year. SARS administers the collection of this levy in conjunction with the Department of Employment and Labour, to develop and improve employee' skills.

Ad-valorem duties, which are levied on luxury goods, declined to R5.22 billion, compared to R5.72 billion in the first nine months of the 2023/24 financial year, reflecting reduced demand for imported vehicles, aircraft and vessels as well as machinery and electronics. Meanwhile, other tax revenue categories, including smaller levies and miscellaneous taxes, recorded R76.92 billion, improving from the R69.85 billion recorded in 2023/24.

The overall tax revenue trends highlight a mixed performance, with stronger collections from PIT and custom duties offsetting weaker-than-expected revenue from CIT, Fuel Levy, and Dividend Tax. The

continued slowdown in VAT growth signals constrained consumer demand, while fluctuations in excise duties and ad-valorem taxes suggest shifting consumption patterns. Despite these challenges, tax revenue growth remains positive, underscoring the need for ongoing fiscal adjustments to address revenue shortfalls and ensure sustainable public finance management.

## 2.2 Expenditure Overview

The revised consolidated government expenditure for the 2024/25 financial year is R2.15 trillion (31.9% of GDP). It was revised from R2.04 trillion (34.4% of GDP) in the 2023/24 financial year. Included in this amount is the local government repayment to the National Revenue Fund (NRF) of R2 billion and projected underspending by the national government of R914 million.

Table 2: Total expenditure/revised budget estimates, Apr-Dec 2024

	R' Billions	Revised estimates	Actual Expenditure, April - Dec	% YTD
2024/25	Appropriation by vote	1 119	848	75,8
	Direct charges against NRF	1 037	717	69,2
	<b>Consolidated Expenditure</b>	<b>2 156</b>	<b>1 565</b>	<b>72,6</b>
2023/24	Appropriation by vote	1 065	821	77,1
	Direct charges against NRF	983	697	70,9
	<b>Consolidated Expenditure</b>	<b>2 045</b>	<b>1 518</b>	<b>74,3</b>

Source: Section 32 reports

As shown in Table 2, the total expenditure by national departments was R848 billion (75.8% of the total budget) at the end of December 2024. This amount is R27 billion more than the total expenditure in the previous financial year. By the end of December 2024, the expenditure on direct charges against the NRF was R717 billion (69.2%) of the budget estimate, which is slightly more than the previous financial year.

Table 3: Fastest spending on national departments, Apr-Dec 2024

Vote R'000	Revised estimates	YTD - April - Dec 2024	% YTD
Higher Education and Training	1 112 773 492	104 357 241	92,5
Office of the Chief Justice	1 273 788	1 158 065	90,9
Women, Youth and Persons with Disabilities	1 020 712	883 231	86,5
Small Business Development	2 419 545	2 093 141	86,5
Parliament	2 770 963	2 346 138	84,7
Basic Education	32 635 423	27 364 559	83,8

Source: Section 32 reports

Table 3 shows the departments that had spent more than 80 per cent of their budgets by December 2024. Although the high expenditure could be attributed to the nature of the business of some of these departments, oversight bodies should monitor expenditure in the remainder of the financial year to ensure that they do not overspend at the end of the financial year.

As in the previous financial year, the Higher Education and Training department spent the largest proportion (92.5%) of its total budget within the first nine months of the financial year.

Table 4 shows departments that spent less than 70 per cent of their budgets in the first nine months of the 2023/24 financial year. Communication and Digital Technologies have only spent 45.8 per cent of its budget, while Public Enterprises's total spending is R158 million or 53.5 per cent. The Public Enterprises department has been shut down and is in the process of being incorporated into the Department of Planning, Monitoring and Evaluation (DPME).

Table 4: Slowest spending on national departments, Apr-Dec 2024

Vote R'000	Revised estimates	YTD - April - Dec 2024	% YTD
Planning, Monitoring and Evaluation	450 189	308 416	68,5
Human Settlements	33 680 386	22 680 252	67,3
Agriculture, Land Reform and Rural Development	16 997 824	10 828 102	63,7
Military Veterans	812 406	475 622	58,5
Public Enterprises	296 490	158 665	53,5
Communications and Digital Technologies	3 968 611	1 819 066	45,8

Source: Section 32 reports

There is a high probability that the departments listed in Table 4 will underspend by the end of the financial year. In particular, underspending by the Department of Communication and Digital Technologies could delay essential digital transformation initiatives. This may hinder the department's ability to drive digital inclusion and economic growth, further widening the digital divide.

Table 5 shows that the total budget increased by 5.1 per cent to R1.11 trillion from R1.06 trillion in the previous financial year.

Table 5: National Department's expenditure by economic classification, Apr-Dec 2024

R Billion	2024 Budget Estimates		Exp against target: Apr-Dec 24		
	R'000	Y-on-Y % change	R'000	YTD Exp rate (%)	Y-on-Y % change
Current payments	285,6	7,0	210,4	73,6	4,3
Transfers and subsidies	811,2	4,1	624,2	77,0	2,9
Capital assets	16,3	-5,1	12,3	75,6	3,8
Financial assets	6,0	308,4	1,0	16,1	4,3
<b>TOTAL</b>	<b>1 119,2</b>	<b>5,1</b>	<b>847,9</b>	<b>75,8</b>	<b>3,2</b>

Source: Section 32 reports

Table 5 also illustrates how the budget is allocated according to the economic classifications. Overall expenditure in the first 9 months of the financial year amounted to R847.9 billion or 75.8 per cent. Expenditure on financial assets was R969 million or 16.1 per cent. The reason for the low expenditure on financial assets can be attributed to the R5.021 billion Special Appropriation Bill allocation for the South African National Roads Agency to settle its maturing debt and related interest payments. This money has not been expended.

Table 6: Spending on Capital assets by national votes, Apr-Dec 2024

R billion	Revised estimates	YTD - April - Dec 2024	% YTD
2024/25	16,301	12,319	75,6
2023/24	17,175	11,871	69,1
2022/23	15,784	7,001	44,4
2021/22	11,961	6,423	53,7

Source: Section 32 reports

Table 6 illustrates that at the end of December 2024, spending on capital assets amounted to R12.3 billion, or 75.6 per cent, an improvement compared to the same period in the past three financial years.

### 2.3 Summary: National Government

As of the end of December 2024, year-on-year tax revenue collection increased by 5.3 per cent to R1.32 trillion. On the expenditure side, R1.56 trillion or 72.6 per cent of the consolidated budget had been spent,

reflecting a R47 billion increase compared to the same period in the previous financial year. Underspending and overspending typically stem from poor budget planning and execution. While some departments have exceeded their budgets, this overspending has been offset by underspending by other departments.

### 3. Provincial

The provincial government plays an important role in the provisioning of basic education, health services, roads, housing, and social development. The provincial treasuries play an important role in implementing public financial management in a decentralised fiscal context, as provided by the Public Finance Management Act, 1 of 1999. Similar to the section on the national government, this section provides an analysis of expenditure outcomes against the budget at provincial levels for the first nine months of the 2024/25 financial year.

#### 3.1. Provincial receipts

Approximately 96.7 per cent of provincial governments receipts were allocated from direct charges to the National Revenue Fund (NRF). Table 7 shows that at the end of December 2024, provinces had received R552.7 billion (75.7%) of the budgeted receipts. In terms of own receipts, the provinces collected over 78.3 per cent (R19.6 billion) of their estimated budget.

Table 7: Provincial receipts, Apr-Dec 2024

Receipts	Adjusted Appropriation (R billion)	Exp (Apr-Dec 2024) (R billion)	% of total
Equitable Share	600.5	450.3	75.0
Conditional Grants	130.0	102.4	78.8
<b>Transfers from NRF</b>	<b>730.5</b>	<b>552.7</b>	<b>75.7</b>
Tax Receipts	18.9	13.4	73.2
Sales of Goods and Services other than Capital Assets	3.6	2.6	71.4
Transfers Received	0.122	0.127	103.9
Fines, Penalties and Forfeits	0.339	0.365	107.7
Interest, Dividends and rent on land	2.2	2.5	113.7
Sale of Capital Assets	0.088	0.107	120.6
Financial Transactions in Assets and Liabilities	0.300	0.470	156.8
<b>Provincial Own Receipts</b>	<b>24.1</b>	<b>19.6</b>	<b>78.3</b>
<b>TOTAL: RECEIPTS</b>	<b>755.6</b>	<b>572.4</b>	<b>75.8</b>

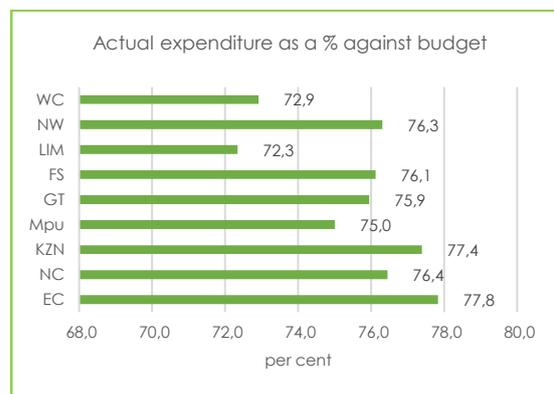
Source: Section 32 reports

#### 3.2. Provincial Expenditure

Figure 1 shows the expenditure status by province. On

average, the provinces had spent 75.7 per cent of their budgets by the end of December 2024. Relative to other provinces, Eastern Cape (77.8%), KwaZulu Natal (77.4%), Northern Cape (76.4%), Free State (76.1%) and KwaZulu Natal (76.5%) had spent more than the notional benchmark of 75 per cent in the first nine months of the financial year, while Limpopo had the lowest expenditure rate of 72.3 per cent.

Figure 1: Actual Expenditure by province (%) against budgets, Apr-Dec 2024



Source: Section 32 reports

Table 8 shows the total provincial expenditure by economic classification. The total provincial expenditure allocation for the 2024/25 financial year was revised to R769.2 billion (up from R747.2 billion in 2023/24). Of the total budget, current payments consist of R633.9 billion (81.1%) of the budget followed by transfers and subsidies at R93.6 billion (12.2%). It is also worth noting that Compensation of Employees (COE), as part of the current expenditure, accounted for 74.2 per cent (R470.3 billion) of current payments or more than 60 per cent of the total provincial expenditure budget. This high proportion reflects the personnel-dependent services provided by provincial departments (i.e., health and education).

Table 8: Provincial expenditure by economic classification, Apr-Dec 2024

	2024 Budget Estimates		Exp against target: Apr-Dec 2024		
	R billion	Y-on-Y % change	R billion	YTD Exp (%)	Y-on-Y % Change
Current payments	633.9	3.2	479.0	75.6	4.0
COE	470.3	4.4	354.6	75.4	5.0
Goods and Services	163.4	1.7	124.3	76.0	1.2
Interest & rent on Land	0.106	210.3	0.084	79.9	32.7

Transfers and Subsidies	93.6	-2.2	74.6	79.7	-1.6
Capital assets	41.6	3.9	28.6	68.7	10.1
Financial assets	0.020	-39.4	0.050	249.6	32.1
<b>TOTAL</b>	<b>769.2</b>	<b>2.9</b>	<b>499.0</b>	<b>62.3</b>	<b>-14.9</b>

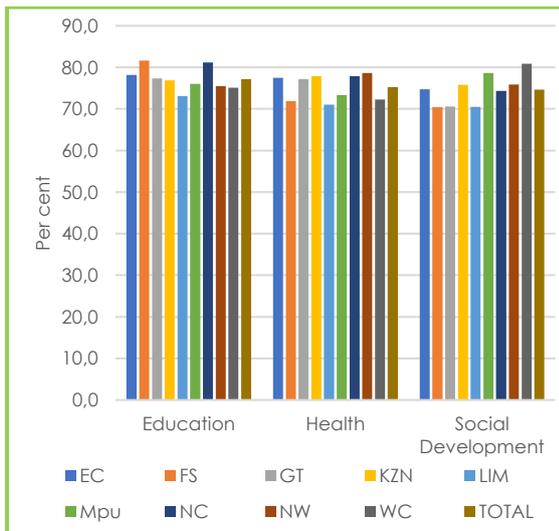
Source: Section 32 reports

Year-on-year, the budget increased by 2.9 per cent between 2023/24 and 2024/25. The highest year-on-year (32.7 %) increase is observed in the interest on rent and land category. Expenditure on financial assets was R50.1 billion which was significantly above (186.8%) the revised budget.

Another area of significant budget deviation is the financial assets line item. The year-on-year change was 94.8 per cent. In the revised estimates, R33.1 billion was allocated to financial assets. However, the year-to-date shows that the value is significantly higher (249.1%) than the revised estimate.

### 3.3. Estimates on Provincial Capital Expenditure

Figure 2: Provincial payments for capital assets by function Apr-Dec 2024



Source: Section 32 reports

Overall payment for capital assets by function shows that education (77.2%), health (75.2%) and social development (74.6%) have capital expenditure below 90%. The Free State Department of Social Development has spent the least (70.4%) on capital assets as of December 2024. Within the education function, the Limpopo Department of Education had the lowest (73.1%) level of payments made on capital assets. In the health function, the Limpopo (71%) and Free State (71.9%) provincial departments spent the lowest.

Table 9: Overall Provincial payments for capital assets, Apr-Dec 2024

	2023 Budget Estimates		Exp against target: Apr-Dec 2024		
	R billion	Y-on-Y % change	R billion	YTD Exp (%)	Y-on-Y % change
Buildings and other fixed structures	31.4	5.6	22.6	72.1	10.6
Machinery and equipment	9.4	-3.2	5.6	59.9	7.0
Heritage assets	0.469	292.3	0.080	15.8	-65.8
Biological assets	0.270	-22.4	0.039	38.8	-50.5
Land and sub-soil assets	0.010	73.6	0.117	25.1	649.0
Software and other intangible assets	0,005	3,4	0.174	64.8	-12.1
<b>Payments for capital assets</b>	<b>41.6</b>	<b>3.9</b>	<b>28.6</b>	<b>68.4</b>	<b>10.1</b>

Source: Section 32 reports

Provincial payments for capital assets for 2024/25 increased by 3.9 per cent, year-to-year. Provinces had spent 68.7 per cent (R28.6 billion) of their estimated capital budget by the end of December 2024.

### 3.4. Provincial Government Analysis Summary

Provinces have generally spent more than 70 per cent of their budgets by the end of December 2024. Slow spending on capital assets by provincial departments raises some concerns about underspending on this item by the end of the year.

### 2023/24 National and Provincial Audit Outcomes

This section of the brief highlights some of the findings of the Auditor General South Africa (AGSA) outcomes for the 2023/24 financial year. The data provides context to the financial state of departments as at the start of the 2024/25 financial year. Financial and performance audits are critically for oversight and for tracking service delivery. Reflecting on the 6<sup>th</sup> administration, the AGSA acknowledges that there have been improvements to both financial and performance outcomes. The audit outcomes from 2018/19 to 2023/24 showed significant improvements, with the number of clean audits increasing from 93 to 142. A net improvement of 24 per cent was observed, with 139 auditees improving their outcomes and 50 regressing. However, the AGSA note that "the institutional capacity to consistently produce transparent and credible financial and performance reporting is not yet in place".

The AGSA notes that the audit outcomes for the 'high-impact auditees' were consistently worse than those of other auditees. High-impact auditees, responsible for 77 per cent of the 2023/24 expenditure budget, improved at a slower pace which has ramifications for service delivery. Auditees from these groups account for 76 per cent of the outstanding audits and 54 per cent of the modified audit opinions (qualified, adverse, and disclaimed)

Provincial governments, crucial for service delivery, saw a net improvement of 31 per cent, with notable progress in North West (56%), Free State (44%), KwaZulu-Natal (33%), and Gauteng (30%). The Western Cape, Gauteng, KwaZulu-Natal, and the Eastern Cape had the highest number of clean audits. The legislature sector improved by 60 per cent, with Parliament and eight provincial legislatures achieving clean audits.

The AGSA highlights the following challenges:

- Unqualified opinions on financial statements rose from 70 per cent to 82 per cent, and performance reports with no material findings increased from 60 per cent to 71 per cent. However, many auditees submitted materially misstated reports for auditing, which would have resulted in only 57 per cent unqualified financial statements and 48 per cent performance reports without corrections.
- State-owned enterprises frequently submitted financial statements late or not at all.
- Improvements in financial statements were due to better controls, stable finance units, and support from provincial treasuries, while performance report improvements often resulted from external reviews and support rather than auditee efforts.
- Non-compliance with key legislation remained high at 60 per cent, leading to irregular expenditure of R406.83 billion over the sixth administration.
- Between the 2022/23 and 2023/4 financial years, unauthorised expenditure increased from R4.49 billion to R7.19 billion. The AGSA attributed unauthorised expenditure to departments overspending on their budgets.

When considering the financial health of auditees – this includes indicators such as deficit, and inability to pay creditors and/or paying, an inability to recover debt, or dipping into the next year's budget to cover the current year's expenses. The total deficit across all departments was R55.39 billion in 2023/24, with R47.01 billion (85%) of this amount being from high-impact departments. In addition, in 2023/24, unresolved claims against departments totalled R105.57 billion, with R101.88 billion from high-impact auditees. Provincial health departments contributed R64.39 billion (61%). For 32 high-impact departments (46%), claims exceeded 10 per cent of their next year's budget, risking funds meant for service delivery and other priorities.

**Table 7: Financial health indicators in the provinces**

Province	Fruitless and wasteful expenditure over 5 years	Fruitless and wasteful expenditure balance	Budget overspending over 5 years	Deficit over 5 years	Unpaid claims
Eastern Cape	R0,51bn	R0,49bn	R4,90bn	R20,33bn	R159,89bn
Free State	R0,86bn	R0,98bn	R1,75bn	R7,96bn	R26,27bn
Gauteng	R1,54bn	R0,74bn	-	R24,32bn	R129,53bn
KwaZulu-Natal	R0,06bn	R0,23bn	R2,45bn	R21,25bn	R85,54bn
Limpopo	R0,20bn	R0,30bn	R0,46bn	R14,42bn	R49,64bn
Mpumalanga	R0,07bn	R0,07bn	R0,39bn	R3,46bn	R49,10bn
Northern Cape	R0,08bn	R0,23bn	R0,32bn	R6,94bn	R8,44bn
North West	R0,19bn	R0,33bn	R2,33bn	R5,20bn	R28,80bn
Western Cape	<R0,01bn	<R0,01bn	-	R0,53bn	R3,81bn

Source: AGSA, 2024