2019

Budget Speech

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Minister of Finance

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Madam Speaker
Mr President
Mr Deputy President
Cabinet Colleagues
Governor of the South African Reserve Bank
Honourable Members
MECs of Finance
Fellow South Africans

> *Goeie middag*
> *Sanibonani*
> *Molweni*
> *Avhusheni*

On October 9, 2018, I stood before Judge Babalwa Mantame and took an Oath of Office. I said:

> *"I will be faithful to the Republic of South Africa and will obey, respect and uphold the Constitution and all other law in the Republic; and I undertake to hold my office as Minister with honour and dignity; to be a true and faithful counsellor … and to perform the functions of my office conscientiously and to the best of my ability."*

Today, I submit before this august House the National Budget. It reflects, to the best of my judgment, the nation's financial situation. It is in the interest of our people and our country, and not in the narrow objectives of any political party. It is to safeguard the sound financial status of the Republic. I do this in my role as Minister of Finance, performing my fiduciary responsibility as the guardian of the nation's finances.

Today, I hereby table:

1. The Budget Speech,
2. The 2019 Budget Review
3. The 2019 Estimates of National Expenditure,
4. The Division of Revenue Bill,
5. The Appropriation Bill, and
6. The Public Audit Excess Fee Bill.

Madam Speaker,

In the 2019 State of the Nation Address, our President set out an ambitious agenda for our nation. It is an agenda that speaks to the South Africa that we can be. It is a task list for all of us. It lays out a series of interventions that will put South Africa on a bold new path.

How do we make this renewal a reality? I turned to the Good Book for guidance.

In Zechariah 8 verse 12 it says:

> *"For the seed shall be prosperous; the vine shall give her fruit, and the ground shall give her increase, and the heavens shall give their due; and I will cause the remnant of this people to possess all these things."*

As a part-time farmer, I know that in order for the people to "possess all these things", we have to plant anew.

It is time for us to sow the seed of renewal and growth.

But for the seed to be prosperous, as Zechariah enjoins us, we must first cultivate the soil. Once we have planted the seed, we must nurture it, water it, and protect it from the extremes, the elements and time.

Despite our best efforts, sometimes, ravages and risks such as pests or rot could attack our green shoots, but we must persevere; we must prune and pluck away at the rot, until there is growth. This we must do as a collective.

If we look after what we sow, and what we have ploughed and laboured over so tirelessly, since the founding of our democracy, it will grow and the seed will bear fruit. However, if we abandon our fields, the seeds we plant will wither.

A few years ago, Madam Speaker, one of my predecessors handed out succulent plums to the members of this house, to demonstrate the times of plenty we were in.

Today, we walk into this house with an iconic South African plant, the aloe ferox. This is one of the best known South African plants. It has a long history of medicinal use. It is resilient, sturdy and drought resistant. It withstands the elements. We must take the bitter with the sweet. Today, I bring you a seed to prove that if we plant anew, we can return to those plum times.

Madam Speaker, our President has set us on a track of renewal.

But today, I will leave the poetry (and the singing) to the President.

I am here to speak about hard facts and figures.

This Budget is built on six fundamental prescripts:

1. Achieving a higher rate of economic growth
2. Increasing tax collection
3. Reasonable, affordable expenditure
4. Stabilising and reducing debt
5. Reconfiguring state-owned enterprises
6. Managing the public sector wage bill

It will not be easy. There are no quick fixes. But our nation is ready for renewal. We are ready to plant the seeds of our future.

Developments since the October Medium Term Budget Policy Statement

In October, during the 2018 Medium Term Budget Policy Statement (MTBPS), I outlined our main budget fiscal outlook. At that time, I projected that in 2018/19 tax revenue would be R1.3 trillion and that spending would be about R1.5 trillion. That left us with a budget deficit of R215 billion, or 4.3 per cent of GDP.

I said that we were at a crossroads, and that we could go either to heaven, or the other way.

Then, we expected economic growth of 0.7 per cent in 2018. This is still our estimate. But, many of the risks that we warned about have materialised. We now expect a slower but still steady recovery after the 2018 technical recession. It is expected that real GDP growth in 2019 will rise to 1.5 per cent, and then strengthen moderately to 2.1 per cent in 2021.

South Africa is a small open economy and we are impacted by events in the global economy World growth is now expected to slow, constraining South Africa's export growth forecast.

These macroeconomic conditions have led to a weaker economic outlook.

Madam Speaker, walk with me on a journey of how we have chosen to respond to the challenges facing us.

Tax revenue and raising SARS capacity

First, we must look at the President's task list. Then we must match the resources we have to the plan. In this current year, tax revenue has been revised down by R15.4 billion compared to our October estimate.

Approximately half of the increase in the shortfall since October is due to higher than expected VAT refunds. This lowers revenue collection for the year, but puts money back into the economy.

SARS is being fixed. My thanks go to Judge Nugent and his Panel for their wise counsel. On their recommendations:

1. A new Commissioner will be appointed in the coming weeks.
2. A new Illicit Economy Unit launched in August 2018 will fight the trade in illicit cigarettes and tobacco.
3. The large business unit was a major source of tax collection, and its skill was renowned. This unit will be reintroduced and will be formally launched in early April 2019.
4. SARS is strengthening its IT team and its IT systems and this is crucial for our tax collection efforts.
5. Information sharing agreements with allies will help fight cross-border tax evasion schemes.

Judge Davis will assess the tax gap, which is the difference between revenue collected and what ought to be collected. We will also review the proliferation of duty free shops inside South Africa.

Fiscal prudence requires some tax changes. We propose additional revenue measures of R15 billion in 2019/20. There will be a slight upward adjustment of the tax-free threshold for personal income taxes, with no change in the current personal income tax brackets. Together these will raise R12.8 billion.

Madam Speaker, excise duties on alcohol and tobacco will be increased, as follows:

1. The excise duty on a can of beer goes up by 12 cents to R1.74
2. A 750ml bottle of wine will have an excise duty of R3.15, which is 22 cents more
3. The duty on a 750ml bottle of sparkling wine goes up by 84 cents to R10.16
4. The duty on a bottle of whiskey will go up by R4.54 to R65.84
5. A pack of 20 cigarettes goes up by R1.14 cents to R16.66
6. The excise duty on a typical cigar will go up by about 64 cents to R7.80
7. There will be no change to the excise duty on sorghum beer
8. Fuel levies will increase by 29 cents per litre for petrol and 30 cents per litre for diesel

The Road Accident Fund levy increase is not enough to match the Fund's R215 billion liability. We urge the Department of Transport to quickly resubmit the Road Accident Benefit Scheme Bill for Parliament's urgent consideration. It will help stabilise fuel prices.

The National Treasury will work with the Department of Trade and Industry and the Department of Economic Development to explore the introduction of an export tax on scrap metal.

The ordinary taxpayer is fully tax compliant and pays their fair share.

Thuma Mina. Paying your taxes is the right thing to do.

Expenditure

Let me turn to our spending projections. Since October, government has taken steps to adjust baseline expenditure downwards by a total of R50.3 billion over the medium term. Half of these reductions come from adjustments to government's spending on compensation. R12.8 billion comes from measures to reduce spending on specific programmes. Provisional allocations are made for the financial support to Eskom and the Infrastructure Fund. This offsets the baseline reductions and as such the expenditure ceiling is revised upwards by R16 billion over the next three years.

In October, I quoted *Tale of Two Cities* by Charles Dickens. After a few months in the role, I feel that *Oliver Twist* might be more appropriate this time.

In short, 'Please Sir, may I have some more.'

The SOEs pose very serious risks to the fiscal framework. Funding requests from SAA, SABC, Denel, Eskom and other financially challenged state-owned enterprises have increased, with several requesting state support just to continue operating. Isn't it about time the country asks the question: do we still need these enterprises? If we do, can we manage them better? If we don't need them, what should we do?

State-owned enterprise restructuring

Madam Speaker, I said in October that we would have no holy cows when it comes to our approach to state owned enterprises.

Eskom

In the State of the Nation Address, the President announced a clear and executable plan for electricity. At the core of this plan is the subdivision of Eskom into three independent components. This will set the electricity market on a new trajectory, and allow for more competition, transparency and a focused funding model.

Pouring money directly into Eskom in its current form is like pouring water into a sieve.

I want to make it clear: the national government is not taking on Eskom's debt. Eskom took on the debt. It must ultimately repay it. We are setting aside R23 billion a year to financially support Eskom during its reconfiguration.

The fiscal support is conditional on an independent Chief Reorganisation Officer (CRO) being jointly appointed by the Ministers of Finance and Public Enterprises with the explicit mandate of delivering on the recommendations of the Presidential Task Team. We will make announcements in this regard in the coming weeks.

Minister Gordhan and the strong team he has built at the Department of Public Enterprises will continue to exercise close and ongoing monitoring of Eskom.

Other state-owned enterprises

On other state-owned enterprises, we are reviewing our framework for state-owned enterprise support. Government has revised the contingency reserve upwards to R13 billion for 2019/20 to respond to possible requests for financial support.

Financial support will be budget neutral as far as possible.

During this past financial year, total guarantee utilisation increased by R51.1 billion:

1. Eskom used an additional R50 billion of its R350 billion guarantee in 2018/19.

2. Denel was granted a further R1 billion guarantee.
3. SAA guaranteed debt increased by R6.2 billion.
4. My congratulations to the Land Bank, which repaid debt, reducing government's guarantee exposure. Other entities reduced their guarantees, unfortunately in some cases as a result of appropriations.

We must tighten the guarantee rules. If a state-owned enterprise applies for a government guarantee for operational purposes, it will be required to appoint a CRO in concurrence with the National Treasury and its bondholders. The CRO will undertake a full operational and financial review. When banks need state support, we appoint a curator. When provincial and municipal finances are in disarray, government can take over the running of the administration. These rules should also apply to all SOEs.

Cabinet is considering a proposal to end the issuing of guarantees for operational purposes. Expiration dates on guarantees will also be strictly enforced. As the President announced, strategic equity partners will be found where possible.

The consolidated fiscal framework

To summarise: in this coming year, we expect revenues of R1.58 trillion and spending of R1.83 trillion. That means we will spend R243 billion more than we earn.

Put another way, we are borrowing about R1.2 billion a day, assuming that we don't borrow money on the weekend.

This coming year, interest expenditures will be R209.4 billion. This is R1 billion per day. The expenditure and tax adjustments are designed to largely counteract the additional allocation for Eskom and the revenue shortfall. As a result, gross national debt will still stabilise at about 60 per cent of GDP in 2023/24, broadly in line with our October forecast.

We are masters of our own destiny.

Our determination to regain our fiscal prudence will form the basis of our economic recovery. We will be on our way back to the plum years.

As we face the future, I am reminded of the words of one of the continent's independence leaders, Ghana's Kwame Nkrumah:

> "…the task ahead is great indeed, and heavy is the responsibility; and yet it is a noble and glorious challenge - a challenge which calls for the courage to dream, the courage to believe, the courage to dare, the courage to do, the courage to envision, the courage to fight, the courage to work, the courage to achieve - to achieve the highest excellencies and the fullest greatness of (people). Dare we ask for more in life? "

Restoring our finances and fixing our state owned enterprises will take great courage.

But it can be done.

Division of revenue

Madam Speaker, the Budget remains redistributive. Taxes raised in wealthier areas fund poorer provinces and municipalities. In this budget, 47.9 per cent of nationally-raised funds are allocated to national government, 43 per cent to provinces and 9.1 per cent to local government over the medium term, after providing for debt-service costs and the contingency reserve. Pro-poor spending continues to grow in real terms.

Medium-term spending plans

Let me start my presentation on government's spending priorities by taking you through the key interventions government is taking to reduce compensation spending.

Wage bill adjustments

The public wage bill is unsustainable. We must shift expenditure to investment. National and provincial compensation budgets will be reduced by R27 billion over the next three years.

The first step is to allow older public servants who want to do so, to retire early and gracefully. This will save an estimated R4.8 billion in 2019/20, R7.5 billion in 2020/21 and R8 billion in 2021/22. In time this will be complemented by limits on overtime and bonus payments as well as pay progression. The system of staffing our diplomatic missions is unjustified and should be reviewed urgently.

As a gesture of goodwill, members of Parliament and provincial legislatures and executives at public entities will not be receiving a salary increase this financial year.

My colleague, Minister Ayanda Dlodlo will outline the details of the early retirement framework during the course of the week.

Fulfilling government's programme of action

The budget proposes total non-interest spending over the next three years of R5.87 trillion. This after taking into account measures taken over the three years to consolidate the public finances. The largest allocations are R1.2 trillion for learning and culture, R717 billion for health services (including National Health Insurance) and nearly R900 billion for social development.

The President set us these five tasks:

1. Accelerate inclusive economic growth and create jobs.
2. Improve the education system and develop the skills that we need now and into the future.
3. Improve the conditions of life for all South Africans, especially the poor.
4. Fight corruption and state capture.
5. Strengthen the capacity and capability of the state to address the needs of the people.

Mr President, let me illustrate how the Budget talks to your priorities.

Accelerate inclusive economic growth and create jobs

The private sector is the key engine for job creation. Government's policy actions aim to end the uncertainty that has undermined confidence and constrained private sector investment. The R300 billion worth of pledges made at the Investment Conference last year demonstrate that there is pent-up private sector demand if we grab hold of the opportunity.

Visa requirements are being relaxed to make it easier for tourists to visit and invest in South Africa.

We have also increased the income eligibility thresholds for the highly successful employment tax incentive scheme. Jobs for 1.1 million young people are supported by this programme.

Data costs must fall!

My fellow Minister will shortly be issuing policy direction to ICASA for the licensing of spectrum. I will work relentlessly with the Minister until this matter is resolved. This includes resourcing ICASA for this mandate.

Government has allocated R19.8 billion for industrial business incentives, of which R600 million has gone to the clothing and textile competitiveness programme. This will support 35 500 existing jobs and create about 25 000 new jobs over the next three years.

The Jobs Fund is a vital complement to private sector job creation. The Fund has disbursed R4.6 billion in grant funding, and created well over 200,000 jobs since inception. The allocation to this Fund will rise over the next three years to R1.1 billion.

R481.6 million is allocated to the Small Enterprise Development Agency to expand the small business incubation programme.

A robust debate on land is taking place in South Africa. We are supporting private sector investments in agriculture by emerging farmers. R1.8 billion is allocated for the implementation of 262 priority land-reform projects over the next three years. R3.7 billion is set aside to assist emerging farmers seeking to acquire land to farm.

The Land Bank will support smallholders, and leverage partnerships with other financial institutions. It aims to disburse R3 billion in the next fiscal year.

Improve the education system and develop the skills that we need

Learning and culture receives the largest share of spending as Government continues to provide access to quality basic and higher education, develop skills, provide training and contribute to social cohesion.

Over R30 billion is allocated to build new schools and maintain schooling infrastructure. An additional R2.8 billion is added to the School Infrastructure Backlogs grant to replace pit latrines at over 2 400 schools. But to make certain these schools are effective centres of learning will also require parents to be a visible and constructive part in the governance of schools.

Fully subsidised education and training for the poor is government's flagship higher education intervention. Over the medium term government will spend R111.2 billion to ensure that 2.8 million deserving students from poor and working class families obtain their qualifications at universities and TVET colleges.

Finally, the global renown of South Africa's art and culture is an expression of our soft power and our heritage. Our public finance choices should reflect an intention to preserve and add to our cultural canon. Officials from the National Treasury and the Department of Arts and Culture will consider proposals for the development of a new national theatre, a new national museum, and also consider financial support for the National Archives, a national orchestra and ballet troupe.

Improve the conditions of life for all South Africans, especially the poor

In the fight against poverty and inequality, Government has allocated R567 billion for social grant payments. In 2019, the grant values will increase as follows:

- R80 increase for old age, disability, war veterans and care dependency grants.
- R40 increase for the foster care grant to R1 000.
- The child support grant will increase to R420 in April and to R430 in October.

Health services

In health, we need simple, effective interventions. We need more doctors and nurses. R2.8 billion has been reprioritised to a new human resources grant and R1 billion for medical interns. R1 billion has been added to raise the wages of community health care workers to R3500 per month. Finally about R319 million is allocated to eliminate malaria in South Africa.

Access to housing

Government continues to focus on supporting people to own their own homes. Funding totalling R14.7 billion over the two outer years has been reprioritised to two new conditional grants for informal settlements upgrading which will enable these households to have access to basic amenities.

Our Help to Buy subsidy helps first-time home buyers purchase a home. As a pilot, it gets R950 million over three years.

Economic infrastructure

The South African National Roads Agency is allocated an additional R3.5 billion over the next 3 years to improve non-toll roads. In October, I emphasised the importance of the user pay principle. It is a principle that we should uphold. In any future negotiations, this should be borne in mind.

Combating crime and corruption

Over the past couple of years South Africa has been grappling with corruption. We must root this out. National Treasury and the Department of Justice will work swiftly to support the establishment of the new Investigating Directorate in the NPA.

Strengthen the capacity and capability of the state to address the needs of the people

My colleagues at provincial and municipal level are working as best as they can to deal with rising wage costs and reduced transfers. Provincial treasuries and the municipalities have a partner in the National Treasury to work with on their constitutional obligations. Grants such as the Financial Management grant, and the Municipal Systems Improvement grant are available. The Public Audit Excess Fee Bill tabled today strengthens the Auditor General’s role in municipalities.

We need to build a strong culture of payment in our country.

Collecting the revenue due to the state is the underlying foundation of our democracy, of building a nation, and it is our duty to pay for services especially if we can afford to do so.

National Treasury will lead a process to encourage those, including government departments, who owe money to municipalities, to pay for services.

Finally, service providers must build what they promised at a reasonable rate.

Thuma Mina. Pay your municipal bills on time.

Future proofing the budget

The budget is also about our long-term vision.

We spend a lot on infrastructure. Four things will get us better infrastructure: First is to create a sensible project pipeline. Second, is streamlining the law to make it easier to build. Third, better information for everyone. And finally, is to actually build. So far we are working on a wastewater treatment facility works in the Vaal, a solar water geyser programme and student accommodation. R625 million is allocated to the Development Bank of Southern Africa, the Government Technical Advisory Centre and the Presidential Infrastructure Coordinating Commission to strengthen project preparation in this context and on a speeded up basis, projects based on rural roads and water will be prioritised. Details on several priority projects can be found on the Vulekamali portal.

The infrastructure fund is a central pillar of the Budget and of reprioritisation. It will accelerate R526 billion worth of on-budget projects by bringing in the private sector and development finance institutions. In several instances the private sector will design, build and operate key infrastructure assets. In addition, government will commit R100 billion over the next decade.

As we look to the future, I see the following huge shifts in society and the world.

The first is the rise of **technology**. Twenty-five years ago, the Budget was prepared on reams of paper, carefully stapled together. I reviewed this speech on my tablet, and you can keep track of the speech on Twitter right now. By the way, it is at #RSABudget. Who knows how the Budget will be prepared in twenty-five years' time?

Our budget spending has to focus on getting our country ready for technology. The first step is to fix the education system. Government is rolling out a maths and science grant. The Governor of the South African Reserve Bank is driving an ambitious FinTech programme, together with colleagues from the other financial-sector regulators.

The **sustainability challenge** affects us all. Climate change is real. The steps being undertaken at Eskom will allow us to expand renewable energy, and the carbon tax will come into effect from 1 June 2019.

The third challenge is **rapid urbanisation.** We cannot go on building horizontally, serious consideration must be given to "going up" as part of an integrated development strategy.

The final challenge is **nationalism**. In many successful economies, immigrants have been a source of dynamism. Narrow nationalism often leads to stagnation. We need to redouble our efforts to attract highly-skilled people to South Africa. Professor Ricardo Hausmann of Harvard University talks of the "know-how" that these individuals bring. Their skills are complementary to our own. We need to free our entrepreneurs from stifling regulations and complicated taxes. We will continue to work closely with our partners in the BRICS, the African Development Bank and the South African Customs Union.

Madam Speaker it is prudent to say that we are a shareholder in a number of multilateral institutions and this ensures that South Africa plays its rightful place on the continent and the world.

Before I conclude, my thanks to the President of the Republic for his leadership during this budget process. A word of appreciation to the National Treasury Director General and his team. Their good humour and determination have got us through a difficult Budget.

My thanks to Acting SARS Commissioner and Team SARS for persevering to restore the integrity of the institution, to the Governor of the South African Reserve Bank for his support and collegiality. To colleagues in the Cabinet, in the Minister's Committee on the Budget, and all those that have supported us in this time.

I recall Psalm 23:

> "Even though I walk through the darkest valley, I will fear no evil, for you are with me; your rod and your staff, they comfort me."

Conclusion

In summary, Madam Speaker, let me outline the highlights of this Budget:

1. We are taking tough steps to fix the fiscal position and state-owned enterprises.
2. Our children are our future. Most of the spending goes to education, and we will strengthen early childhood development and support higher education for the most deserving.

3. On land, we have set aside money to help our people buy their own houses, support land reform, and transfer title deeds.
4. On electricity, we face tough choices on Eskom.
5. We are reprioritising resources towards the President's infrastructure fund and away from the wage bill.

Madam Speaker, this is a Budget that plants a seed for renewal and growth.

It is all of our duty to tend the seed and see that it grows strong, tall and fruitful.

It is a Budget for the future.

> For ye shall go out with joy, and be led forth with peace: the mountains and the hills shall break forth before you into singing, and all the trees of the field shall clap their hands.
>
> Isaiah 55:12.

Thank you

Summary of the national budget

R million	2018/19 Budget estimate	2018/19 Revised estimate	2019/20 Budget estimate	2020/21 Medium-term estimates	2021/22 Medium-term estimates
REVENUE					
Estimate of revenue before tax proposals			**1 388 464**		
Budget 2019/20 proposals:			**15 000**		
Direct taxes			**13 800**		
Taxes on individuals and companies					
Personal income tax			**13 800**		
Revenue from not fully adjusting for inflation			12 800		
Revenue if no adjustment is made			*14 000*		
Partial bracket creep for personal income tax			*-1 200*		
No adjustment to medical tax credit			1 000		
Indirect taxes			**1 200**		
General fuel levy adjustment			-500		
Introduction of carbon tax on fuel			1 800		
Additional VAT zero-rated items			-1 100		
Increase in excise duties on tobacco products			400		
Increase in excise duties on alcoholic beverages			600		
Estimate of revenue after tax proposals	**1 321 146**	**1 285 386**	**1 403 464**	**1 505 118**	**1 632 925**
Percentage change from previous year			*9.2%*	*7.2%*	*8.5%*
EXPENDITURE					
Direct charges against the National Revenue Fund	**683 691**	**686 212**	**743 850**	**805 706**	**868 089**
Debt-service costs	180 124	182 218	202 208	224 066	247 408
Provincial equitable share	470 287	470 287	505 554	542 909	578 645
General fuel levy sharing with metropolitan municipalities	12 469	12 469	13 167	14 027	15 182
Skills levy and sector education and training authorities	16 929	17 312	18 759	20 437	22 307
Other [1]	3 883	3 927	4 163	4 267	4 545
Appropriated by vote	**814 509**	**823 645**	**882 648**	**946 484**	**1 007 493**
Current payments	229 318	231 026	246 636	263 911	282 640
Transfers and subsidies	566 436	563 245	615 879	661 429	702 243
Payments for capital assets	14 297	15 632	15 424	16 230	17 426
Payments for financial assets	4 457	13 742	4 708	4 914	5 184
Provisional allocations	**6 000**	**-**	**19 210**	**11 376**	**18 904**
Provisional allocation not assigned to votes[2]	6 000	-	10	376	3 904
Infrastructure fund not assigned to votes	-	-	1 000	-	4 000
Provisional allocation for Eskom restructuring	-	-	23 000	23 000	23 000
Compensation of employees and other baseline adjustments	-	-	-4 800	-12 000	-12 000
Total	**1 504 200**	**1 509 858**	**1 645 707**	**1 763 566**	**1 894 485**
Plus:					
Contingency reserve	8 000	-	13 000	6 000	6 000
Estimate of national expenditure	**1 512 200**	**1 509 858**	**1 658 707**	**1 769 566**	**1 900 485**
Percentage change from previous year			*9.9%*	*6.7%*	*7.4%*
2018 Budget estimate of expenditure		**1 512 200**	**1 632 571**	**1 757 452**	
Increase / decrease (-)		*-2 343*	*26 137*	*12 114*	
Gross domestic product	*5 025 379*	*5 059 106*	*5 413 825*	*5 812 415*	*6 249 070*

1) Includes direct appropriations in respect of the salaries of the President, Deputy President, judges, magistrates, members of Parliament, National Revenue Fund payments (previously classified as extraordinary payments), and the International Oil Pollution Compensation Fund.
2) The 2018/19 year includes provision for contingencies related to drought relief in several provinces, support to the water sector and public investmen improved infrastructure planning.
Source: National Treasury

Summary of the consolidated budget

R million	2018/19 Budget estimate	2018/19 Revised estimate	2019/20 Budget estimate	2020/21 Medium-term estimates	2021/22 Medium-term estimates
National budget revenue [1]	**1 321 146**	**1 285 386**	**1 403 464**	**1 505 118**	**1 632 925**
Revenue of provinces, social security funds and public entities	169 570	169 831	180 347	191 265	203 673
Consolidated budget revenue [2]	**1 490 716**	**1 455 217**	**1 583 811**	**1 696 382**	**1 836 598**
National budget expenditure [1]	**1 512 200**	**1 509 858**	**1 658 707**	**1 769 566**	**1 900 485**
Expenditure of provinces, social security funds and public entities	158 990	155 568	167 845	179 380	188 529
Consolidated budget expenditure [2]	**1 671 190**	**1 665 425**	**1 826 553**	**1 948 947**	**2 089 014**
Consolidated budget balance	**-180 473**	**-210 208**	**-242 741**	**-252 564**	**-252 416**
Percentage of GDP	*-3.6%*	*-4.2%*	*-4.5%*	*-4.3%*	*-4.0%*
FINANCING					
Domestic loans (net)	**173 704**	**180 269**	**209 992**	**230 405**	**232 664**
Foreign loans (net)	**35 912**	**51 638**	**-20 992**	**30 889**	**39 246**
Change in cash and other balances	**-29 143**	**-21 699**	**53 742**	**-8 730**	**-19 495**
Total financing (net)	**180 473**	**210 208**	**242 741**	**252 564**	**252 416**

1) Transfers to provinces, social security funds and public entities presented as part of the national budget.
2) Flows between national, provincial, social security funds and public entities are netted out.
Source: National Treasury