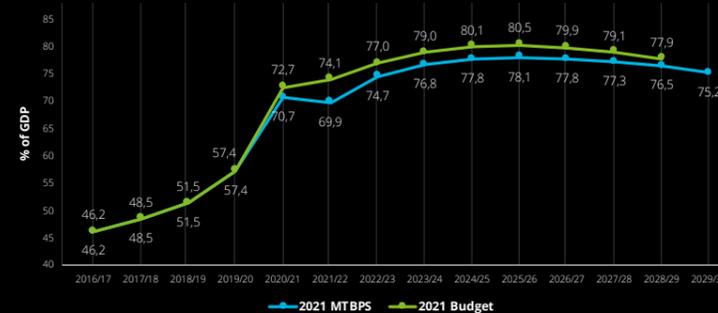




MTBPS highlights

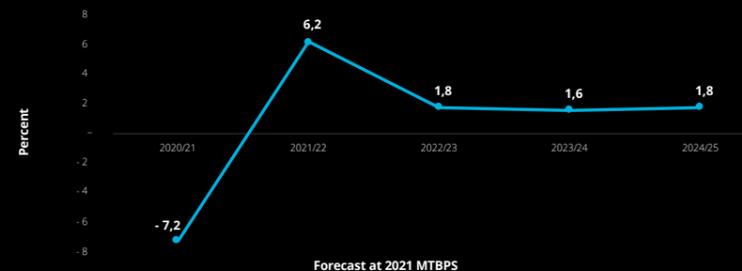
- Money icon:** The MTBPS 2021 continues to focus on economic and social recovery in the wake of the global pandemic and is a commitment to fiscal sustainability, long-term economic growth, reducing the budget deficit and stabilising debt.
- Magnifying glass icon:** The Finance Minister acknowledged that there must be clarity about the trade-offs involved in ensuring fiscal sustainability and supporting social and economic recovery.
- Calendar icon:** Debt service costs are expected to rise from approximately R269bn in 2021/22 to R366bn in 2024/25 and will become the largest portion of spending from 2022.
- Anchor icon:** Higher than expected revenue collection, due to favourable commodity prices in the past year, provides government with additional resources to allocate on short-term interventions.
- Lightbulb icon:** The ongoing electricity crisis and its negative impact on the economy highlight the importance of efficient infrastructure that can improve competitiveness, productivity, attract investment and create employment.
- Document icon:** Government is looking to stabilise energy supply through diversification of generation capacity, both through using the private sector and looking at alternative energy sources.
- Stack of coins icon:** The Finance Minister acknowledged that many state-owned companies (SOCs) have been managed badly and have performed sub-optimally. The restructuring of SOCs, guided by an assessment of their strategic relevance, will be a priority going forward.
- Car icon:** In the transport sector, Transnet's National Ports Authority will be corporatised as an independent subsidiary of Transnet, and Transnet Freight Rail will allow third-parties access to the freight rail network. Both are expected to increase efficiency and competitiveness of the transport sector and support economic growth.
- Calendar icon:** Other measures to support economic growth include the release of high demand spectrum and the completion of digital migration by 2022, the establishment of a National Water Resources Infrastructure Agency, as well as the rollout of the e-Visa system to 15 countries to boost tourism and attract skills.
- Scales icon:** Unemployment and poverty remain key concerns of the government. To enable job creation, government is committed to remove the regulatory burden on small, medium and micro enterprises and cooperatives, as well as to explore new small business support measures, including alternative funding models.
- Building icon:** To address maladministration, the Public Procurement Bill is expected to be tabled before Parliament in FY22/23.
- Globe icon:** The MTBPS 2021 serves as a call for action to implement the necessary structural reforms that can unlock economic growth and can help to address the country's socio-economic challenges.

Gross debt-to-GDP outlook



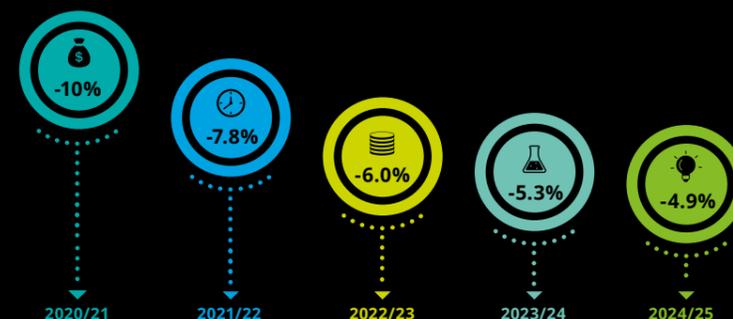
The gross debt-to-GDP outlook has improved since the 2021 Budget and is estimated to be 69.9% in 2021/22 down from the 74.1% forecast in the revised 2021 Budget. The debt-to-GDP outlook is now forecast to peak at 78.1% of GDP by 2025/26.

Revised GDP growth forecast



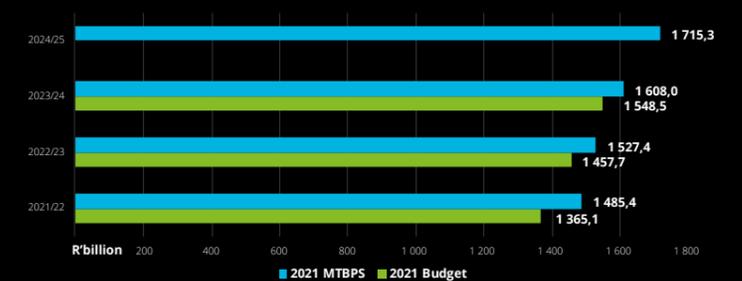
From a fiscal year perspective, after a rebasing of GDP using constant 2015 prices, GDP growth for South Africa is forecast to increase by 6.2% in 2021/22 and then average 1.7% over the following three fiscal years. From a calendar year perspective, global GDP growth is expected to increase by 5.9% in 2021 and developing economies are forecast to grow by 6.4%. After a contraction of 6.4% in 2020, South Africa is forecasting growth of 5.1% for calendar year 2021, followed by average growth of approximately 1.7% in the following three years.

Budget deficit



The budget deficit for 2020/21 came in as expected at 10%, however the deficit under the medium-term estimate is projected to improve to 7.8% in 2021/22 and 4.9% by 2024/25.

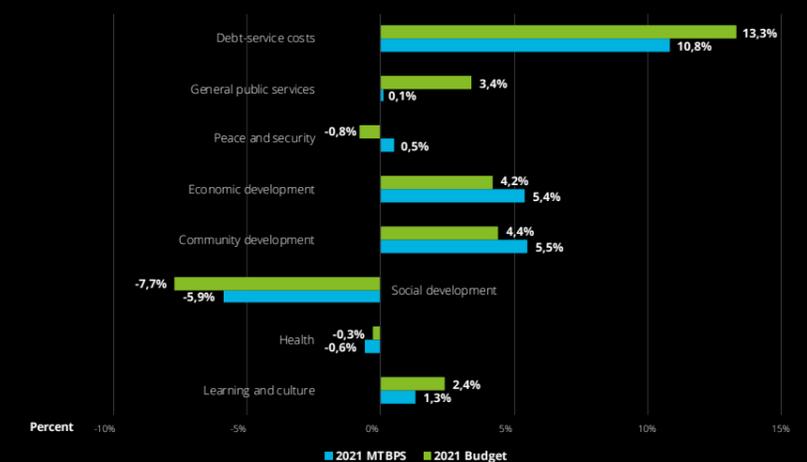
Tax revenue collection



Gross tax revenue collections are anticipated to be R120.3 billion more than initially forecast for 2021/22 and R69.8 billion more than initially forecast for 2022/23. These increases are driven primarily by higher-than-expected commodity prices which results in increased corporate income tax collections.

Government spending priorities

Average nominal growth in spending



Debt-service cost spending continues to increase but at a slower rate of 10.8% over the relevant medium-term forecast period, compared to 13.3% forecast at the 2021 Budget.

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