

ENGLISH

BUDGET 2012

People's Guide



national treasury

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REPUBLIC OF SOUTH AFRICA

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In February of each year, the Minister of Finance announces government's spending, tax and borrowing plans for the next three years. This is called the national budget. It describes how government will raise money and spend it. The national budget divides money between national departments, provinces and municipalities.

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Picture by Government Communication and Information System (GCIS)

BUILDING INFRASTRUCTURE TO GROW OUR ECONOMY & IMPROVE PEOPLES' LIVES

South Africa's infrastructure investment campaign is about providing goods and services that create a better working and living environment.

Providing infrastructure such as electricity, water, transport, telecommunications, hospitals and housing allows businesses to grow and individuals to enjoy a better quality of life. Our investments aim to eliminate the significant backlog of services that need to be provided, while keeping pace with new demands that are created as the economy grows and living patterns change. Over the next three years, government plans to invest R844.5 billion into building roads, hospitals, schools, dams, electricity plants, and ports and rail systems.

People need public transport that is

safe, reliable and comfortable to travel to work, school or anywhere else they need to go. South Africa needs to improve commuter rail transport to make the movement of people cheaper, faster and safer. Metrorail's aging fleet must be replaced and expanded to keep up with demand. Accordingly, the Passenger Rail Agency of South Africa (PRASA), which runs Metrorail, is investing more than R80 billion to renew its fleet and upgrade stations countrywide over the next 20 years. In 2014/15 government is allocating an additional R4 billion to PRASA to purchase 233 wagons, and a further R1 billion for related signalling and depot infrastructure.

This renewal programme will improve comfort and safety for the 2.4 million passengers who travel on Metrorail

each work day. In addition, the bus rapid transport system, which was put in place in major cities such as Johannesburg and Cape Town in 2010 continues to be expanded.

To ensure that South Africans have access to quality health services, hospitals need to be renewed and upgraded.

Making these improvements will also help pave way for the introduction of national health insurance. Government is providing R450 million to upgrade about 30 nursing colleges. A further R426 million is allocated to begin the revitalisation of five large hospitals – Chris Hani, King Edward, George Mukhari, Limpopo and Nelson Mandela Academic.

Government is committed to improving the quality of life of all South Africans,

and providing housing for low-income groups is a priority. However, the persistence of large informal settlements points to the difficulty in keeping pace with demand for low-income housing in urban areas.

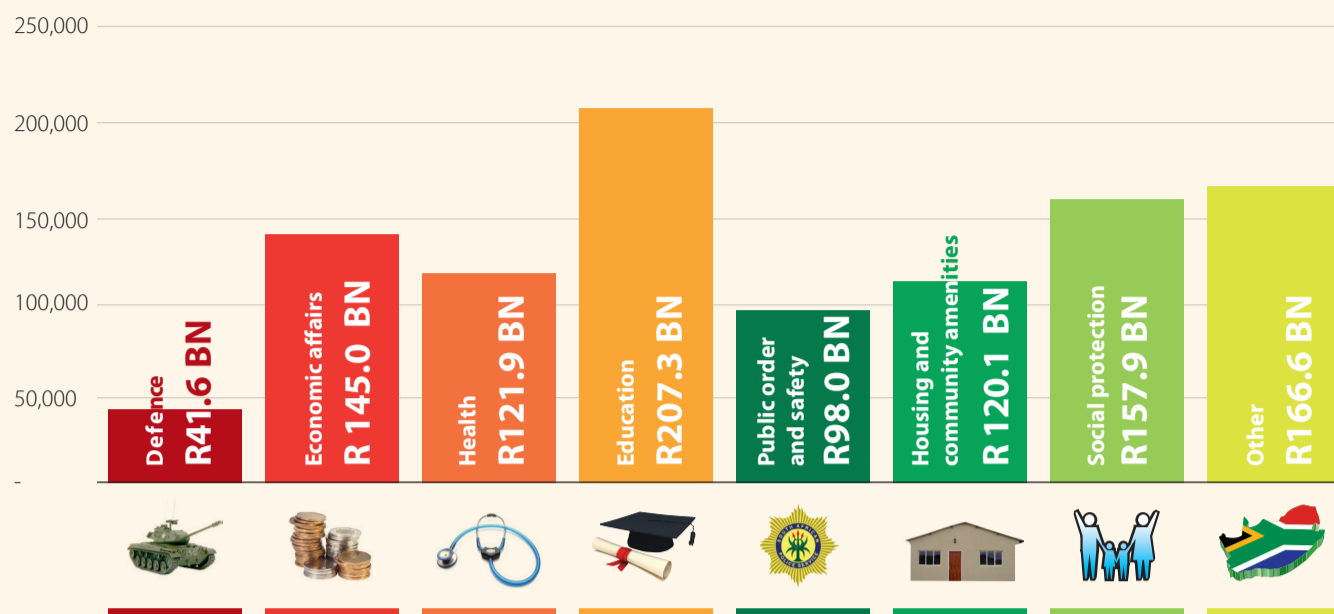
More resources are being directed to accelerate delivery. Spending on housing and community amenities is expected to increase by R9.9 billion over the next three years.

Of this amount:

- R1.8 billion for municipal water infrastructure;
- R3.9 billion for upgrading informal settlements.

Government is committed to creating a better working and living environment in South Africa. These investments, over time, will do just that.

HOW MUCH IS GOING TO BE SPENT?



IMPROVING THE QUALITY OF LIFE FOR ALL SOUTH AFRICANS

Over the long term, government aims to grow the economy so that all South Africans who wish to work can work. But given our history, it will take some time before we can reach this goal, and we urgently need to assist millions of South Africans who do not have access to an income, or who are otherwise vulnerable.

Poverty alleviation is at the heart of government's agenda. The social assistance programme is South Africa's most direct means of combating poverty. In 2012/13, R104.9 billion is allocated to social assistance, rising to R122.0 billion in 2014/15. The number of grant recipients will rise from about 15.6 million in 2011/12 to 16.1 million in 2012/13 and is set to rise to 16.8 million in 2014/15.

The Department of Social Development receives an additional R1.4 billion over the next three years, mainly to increase access to early child development from 500 000 to 580 000 and to roll out an in-house and community-based childcare and protection programme (Isibindi).

The Isibindi project will benefit 858 000 children and adolescents, with a focus on rural communities, orphans and child-headed households. About 10 000 youth workers will be employed in this programme.

The health sector is allocated an additional R2.8 billion over the next three years. Of this:

- The national health insurance grant will be introduced in 2012/13, totalling R1 billion over the next three years. The grant will fund pilot projects for national health insurance and the increase in primary health visits;
- R450 million has been provided for the upgrading of approximately 30 nursing colleges;
- A further R426 million is allocated for the revitalisation of hospital infrastructure.

An additional R968 million is made available to accommodate provision of antiretroviral treatment at the CD4 threshold of 350. This will increase the number of antiretroviral recipients from 1.5 million in 2011 to about 3 million by 2014/15.

EDUCATION IS THE KEY TO REDUCING POVERTY

Government spends more on education than any other non-interest item in the country's budget.

The 2012 Budget supports the goal of improving the quality of education at all levels, and reducing the skills shortages in our economy.

Over the next three years:

- The National Student Financial Aid Scheme receives R17.1 billion for loans and bursaries to improve poor students' access to universities and colleges;
- A further R850 million is allocated to improve university infrastructure, including student accommodation.

Government plans to raise university enrolments to 962 000 by 2014/15 from 886 000 in 2011/12. Enrolments in FET colleges are expected to increase to

While government is playing its role, we need to note that education is the responsibility of us all

247 000 in 2014/15 from 211 000 in 2011/12. Adult education and training enrolments are expected to increase to 300 000 in 2014/15 from 215 000 in 2011/12.

To improve literacy and numeracy, an additional R235 million is allocated to the national department to extend assessments to Grade 9 and to strengthen the assessments at Grades 3 and 6. Learner and teacher workbooks in literacy and numeracy will be provided to all Grade 1 to 9 learners from 2012.

While government is playing its role, we need to note that education is the responsibility of us all. Teachers, parents, learners, communities and businesses all have an important role to play.

BUDGET 2012 HIGHLIGHTS

THE MAIN CHANGES TO THE BUDGET FOR THE NEXT THREE YEARS ARE AS FOLLOWS:

1 SPENDING PLANS OVER THE NEXT THREE YEARS

- R9.5 billion for the Economic Competitiveness and Support Package, including R2.3 billion for dedicated special economic zones;
- R6.2 billion for job creation;
- R3 billion for equalisation of subsidies to no fee schools and expansion of access to Grade R;
- R1 billion for National Health Insurance Pilot project;
- R1.4 billion for Early Childhood Development;
- R4 billion for Passenger Rail Agency of South Africa for coaches, as the start of a programme to replace the current fleet;
- R1 billion for Signalling and depot infrastructure related to this new rail transport programme;
- R4.7 billion for Electricity demand side management grant: Eskom for the installation of solar water geysers;
- R1.8 billion for municipal water infrastructure;
- R3.9 billion for upgrading informal settlements.

2 TAX PROPOSALS

- Personal income tax relief of R9.5 billion;
- Tax incentive to encourage savings;
- Reforms to medical scheme contributions and retirement savings deductions;
- Tax relief for micro and small businesses;
- Dividend withholding tax increased to 15 per cent;
- Capital gains tax increased;
- A packet of 20 cigarettes will cost 58 cents more;
- A 750 ml bottle of liquor (spirits) will cost 6 rands more;
- A 340 ml can of beer will cost 9 cents more and a 340 ml can of cider will cost 8.84 cents more;
- A litre of wine will cost 18 cents more;
- General fuel levy increases by 20c a litre, and the Road Accident Fund levy increases by 8c a litre;
- Electricity levy increased by 1 cent / kWh.

3 SOCIAL GRANTS VALUE

	2011/12	2012/13
State old-age grant	1 140	1 200
State old-age grant, over 75's	1 160	1 220
War veterans grant	1 160	1 220
Disability grant	1 140	1 200
Foster care grant	740	770
Care dependency grant	1 140	1 200
Child support grant*	265	280

* R265 average value for 2011/12.

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