

Budget 2007 at a glance

Macroeconomic outlook – summary, 2006 – 2009

	2006 Estimate	2007	2008 Forecast	2009
Real growth				
Household consumption	7,0%	5,7%	4,8%	5,0%
Capital formation	12,0%	10,7%	10,9%	11,1%
Exports	3,9%	7,3%	6,3%	6,4%
Imports	14,3%	7,9%	8,4%	8,5%
Gross domestic product	4,9%	4,8%	5,1%	5,4%
Consumer price inflation (CPIX)	4,6%	5,1%	4,7%	4,5%
Balance of payments current account (percentage of GDP)	-5,5%	-5,3%	-5,7%	-5,9%

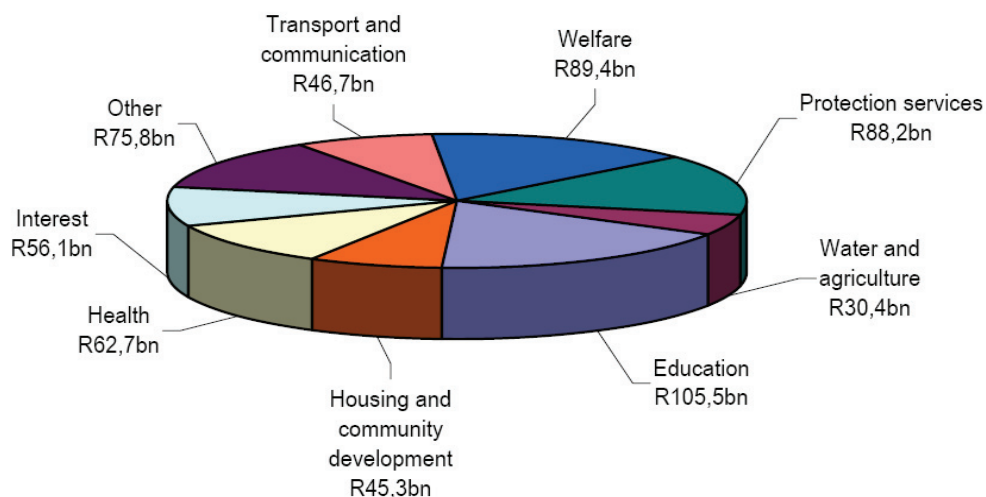
Main budget framework, 2006/07 – 2009/10

R million	2006/07 Revised estimate	2007/08	2008/09	2009/10
		Medium-term estimates		
Total revenue	475 836	544 602	591 166	641 515
<i>Percentage of GDP</i>	27,1%	28,1%	27,6%	27,0%
Total expenditure	470 614	533 873	594 198	650 301
<i>Percentage of GDP</i>	26,8%	27,5%	27,7%	27,3%
State debt cost	52 178	52 916	52 967	50 915
<i>Percentage of GDP</i>	3,0%	2,7%	2,5%	2,1%
Budget balance	5 221	10 728	-3 032	-8 787
<i>Percentage of GDP</i>	0,3%	0,6%	-0,1%	-0,4%
<i>Gross domestic product</i>	1 755 340	1 938 934	2 141 747	2 379 299

Breakdown of consolidated expenditure by function, 2006/07 – 2009/10

	2006/07 Revised estimate	2007/08	2008/09	2009/10	Average annual growth 2006/07 – 2009/10
		Medium-term estimates			
Education	95 520	105 492	117 947	130 713	11,0%
Health	56 433	62 663	68 758	76 048	10,5%
Welfare and social security	81 239	89 353	98 264	107 685	9,8%
Housing and community development	36 880	45 334	53 851	60 769	18,1%
Police, prisons and courts	51 078	57 926	62 922	69 691	10,9%
Defence and intelligence	27 848	30 293	32 060	32 979	5,8%
Economic services	91 276	109 846	123 452	136 403	14,3%
General administration	33 515	40 107	43 083	45 786	11,0%
Allocated expenditure	473 789	541 013	600 335	660 073	11,7%
Interest	55 288	56 120	57 218	55 849	0,3%
Contingency reserve	–	3 000	8 000	13 000	
Total expenditure	529 077	600 134	665 553	728 923	11,3%

Government expenditure



2007 Budget highlights

The economy and fiscal stance

- GDP growth of 4,9 per cent for 2006, averaging about 5,1 per cent a year over the forecast period.
- CPIX inflation averaging 4,7 per cent over the MTEF period.
- A main budget surplus of 0,3 per cent in 2006/07 and 0,6 per cent in 2007/08, moving to deficits of 0,1 per cent in 2008/09 and 0,4 per cent in 2009/10.
- Real growth in national government non-interest expenditure by an annual average of 7,7 per cent over the medium term.
- National budget revenue increases to R475,8 billion in 2006/07, or R9,4 billion more than expected at the time of the 2006 *Medium Term Budget Policy Statement*.
- State debt service costs as a percentage of GDP fall from 3 per cent in 2006/07 to 2,1 per cent in 2009/10.

Main tax proposals

- Net tax relief of R12,4 billion.
- Replacing the secondary tax on companies with a dividend tax and reducing the rate from 12,5 per cent to 10,0 per cent.
- Personal income tax relief for individuals amounting to R8,4 billion.
- Abolishing the retirement fund tax.
- Reducing the withholding tax on lump sum pension and provident fund payments to zero for persons earning below R43 000 per year.
- Increases in the excise duties on tobacco products and alcoholic beverages.

Main changes to spending over the MTEF

- An additional R13,3 billion for the 2010 FIFA World Cup, bringing the total contribution from national government to R17,4 billion – R8,4 billion for stadiums and R9 billion for transport infrastructure.
- The provincial equitable share is increased by R24,6 billion to improve the quality and access to health, school education, welfare services and for economic services.
- An additional R5 billion to the local government equitable share provides further support to municipalities for the delivery of free basic services.
- Spending on education is allocated an additional R4,6 billion for teacher bursaries, curriculum development and an increase in higher education subsidies.
- R11,6 billion for housing and community development.
- R3,7 billion for the comprehensive HIV and Aids programme, and the revitalisation and modernisation of hospitals and health facilities.
- R2,4 billion for industrial development, science and technology.
- R6,8 billion for justice and crime prevention and improved access to justice services.
- R4,7 billion for international relations and defence.