

Budget Review

2009

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National Treasury

Republic of South Africa

11 February 2009



ISBN: 978-0-621-38385-0

RP: 02/2009

The 2009 *Budget Review* is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

Published by the National Treasury.

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The 2009 *Budget Review* is also available on www.treasury.gov.za

Printed by FormeSet Printers Cape (Pty) Ltd

Foreword

To appreciate the evolution of South Africa's public finances, consider the difference that 11 years can make. Tabling a budget in midst of the 1998 Asian crisis was difficult. Producing the 2009 Budget during the present global financial and economic crisis has been tougher, but for a different set of reasons.

The 1998 crisis was of a smaller magnitude, but we had to *cut* budgets. In responding to the current crisis, government is able to *increase* spending on crucial social programmes, help state-owned enterprises to finance their capital investment plans, and grow investment in our future by boosting allocations to education and rural development. While we have had to make some reductions in lower-priority areas, this is an expansionary budget.

We are able to respond in a way that cushions the poor from the worst effects of the economic slowdown and supports long-term growth because, over the past 15 years, we have managed our public finances in a sound manner. Tough decisions taken more than a decade ago are now bearing fruit.

This budget has, however, been challenging. Revenue growth is slowing. Access to global capital markets is prohibitively expensive and the demands on the fiscus are greater than ever before. The world economy, on which we rely for capital and export markets, is likely to get worse before it gets better. The international outlook is clouded by uncertainty.

These are difficult circumstances indeed. We will, however, continue to ensure that the public finances are well managed to meet South Africa's current and future needs.

This is the earliest date that a budget has been tabled in any year since 1994. Given uncertainty in the economic data, government's propensity to take decisions as late as possible, and the fact that there is no room for error, all those involved in this budget process have endured frayed nerves, late nights and lots of coffee – even more than usual. National Treasury staff have performed admirably in ensuring that we have a high-quality budget produced on time. They do this for little reward other than the comfort of the knowledge that they are making a contribution to the development of their country.

I would like to thank my colleagues in national departments and in the provinces for their cooperation and diligence, and to apologise to them for the harsh words uttered in the heat of debate over this year's allocations.

The longevity of the Minister of Finance has not dimmed his ability to raise the bar for performance, wanting more information presented in a better way. Nor has it stopped him from peddling long manuscripts from obscure philosophers and economists when we have little time to sleep, let alone read. Thanks also to the new Deputy Minister, who has certainly had a baptism of fire. Without their guidance and leadership, we would not have got through these difficult months.



Lesetja Kganyago

Director-General: National Treasury

Towards a greener budget

Last year the National Treasury began assessing the direct environmental impact of the budget processes. This is in keeping with the belief that we all have a responsibility to help protect our environment and our planet for future generations.

The National Treasury has attempted to quantify how much carbon dioxide (CO₂) we produce, and how much paper we consume, in the production of the national budget. We only recorded this consumption between 1 January and 11 February 2009. A comprehensive exercise would have required a longer time horizon and the inclusion of more data.

The three indicators relate to the CO₂ emissions produced by travel, the amount of paper that National Treasury officials used in their offices during the period and the amount of paper needed to produce the various budget publications.

The tables below show that the National Treasury is decreasing the environmental impact of the main activities of the budget process.

TRANSPORT

Method	Trips	Distance	CO2 emissions	CO2 reduction (2008 comparison)
Flights 2008	67 (2-hour return flights)	227 800 km	29 614/kg	3 094/kg
Flights 2009	60 (2-hour return flights)	204 000 km	26 520/kg	
Car trips 2008	270 car or shuttles hired	38 800 km	8 554/kg	150/kg
Car trips 2009	270 car or shuttles hired	38 200 km	8 404/kg	
TOTAL				3 244/kg

PRINTING

Budget documents are printed on paper stock called Triple Green, manufactured in accordance with three environmental standards: 60% sugar cane fibre, chlorine-free and sustainable afforestation.

Method	Paper in weight	Trees	Trees saved (2008 comparison)
Paper used internally 2008	255 reams or 636kg	18	1.5
Paper used internally 2009	230 reams or 575kg	16.5	
Paper used to produce the budget documents 2008	36 000 kg	708	118
Paper used to produce the budget documents 2009	30 000 kg	590	
TOTAL			119.5

The National Treasury has also employed energy-saving measures at its offices to reduce electricity consumption. We have managed to reduce the electricity used during budget period by **201 mW** (from 924 mW in 2008 to 720 mW in 2009).

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A note on annexures

In addition to the items above, two annexures are published on the website of the National Treasury (www.treasury.gov.za) along with the full 2009 *Budget Review*. These are:

- Annexure W1: Explanatory memorandum to the division of revenue
- Annexure W2: Structure of the government accounts

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