

## On the economy

- Economic growth of 2.3 per cent is projected for 2010, increasing to 3.6 per cent by 2012.
- After falling from 27 per cent in 2003 to 22 per cent in 2007, unemployment rose to 24.3 per cent in 2009.
- The 2010 FIFA World Cup is expected to contribute about 0.5 per cent of GDP growth in 2010. To date, government has spent about R33 billion in preparation for the tournament.
- Inflation has fallen over the past year and should average 6 per cent during 2010/11.
- A budget deficit of 7.3 per cent is projected for 2009/10 and 6.2 per cent in 2010/11. By 2012/13, the deficit is expected to reach 4.1 per cent.
- National government net loan debt is projected to rise from R526 billion at the end of 2008/09 to R1.3 trillion in 2012/13.
- To help tackle youth unemployment, a wage subsidy for young people is proposed.
- Total public sector infrastructure investment of R845 billion over the next three years is anticipated.
- Over the next three years, government will spend about R52 billion on public works programmes.

## Spending to support economic recovery and improve service delivery

- R112.2 billion for grants, including the extension of the child support grant up to 18 years of age.
- R2.7 billion to provide literacy and numeracy workbooks in all 11 official languages for learners in grades R to 9, and R1 billion to increase subsidies for higher education institutions.
- R15.1 billion for occupation-specific dispensations in education, health and correctional services.
- R2.2 billion for a revised salary structure in the South African National Defence Force.
- R8.4 billion to expand provision of antiretroviral therapy.
- R2.5 billion to increase labour intensity in public works, R1.8 billion for clothing and textile production incentives and R1.8 billion for the automotive production development programme.
- R1 billion to the criminal justice sector for efforts to reduce crime and corruption.
- R2.8 billion for public transport, roads and rail infrastructure.
- R2.5 billion for municipal infrastructure to support universal access targets for water and sanitation, and R6.7 billion to municipalities to cover the increased cost of providing free basic electricity.
- R1 billion more for rural development, R1.2 billion for water and sanitation infrastructure for rural households and R1.5 billion for the Land Bank to support rural development.
- R1 billion to speed up provision of housing and R500 million for bulk water infrastructure.
- The old age pension is increased by R70 a month to R1 080 and the child support grant is increased by R10 a month.

## Tax proposals

- Personal income tax relief for individuals of R6.5 billion.
- Discontinuation of the SITE (standard tax on employees) system.
- Increases in fuel taxes of 25.5 cents a litre.
- A carbon emissions tax on new motor vehicles.
- A packet of 20 cigarettes will cost R1.24 more.
- A 750 ml bottle of wine will cost 12 cents more.
- A 340 ml can of beer will cost 6.5 cents more.
- A 750 ml bottle of liquor (spirits) will cost R2.22 more.

## Macroeconomic outlook – summary, 2009 – 2012

	2009	2010	2011	2012
<b>Real growth</b>	<b>Estimate</b>	<b>Forecast</b>		
Household consumption	-3.5%	0.9%	2.6%	2.9%
Capital formation	4.0%	5.8%	7.8%	8.7%
Exports	-20.2%	3.8%	3.9%	5.4%
Imports	-18.3%	6.8%	4.9%	5.6%
<b>Gross domestic product</b>	<b>-1.8%</b>	<b>2.3%</b>	<b>3.2%</b>	<b>3.6%</b>
Headline CPI inflation	7.1%	5.8%	6.1%	5.9%
Balance of payments current account (percentage of GDP)	-4.3%	-4.9%	-5.3%	-5.6%

## Consolidated government fiscal framework, 2009/10 – 2012/13

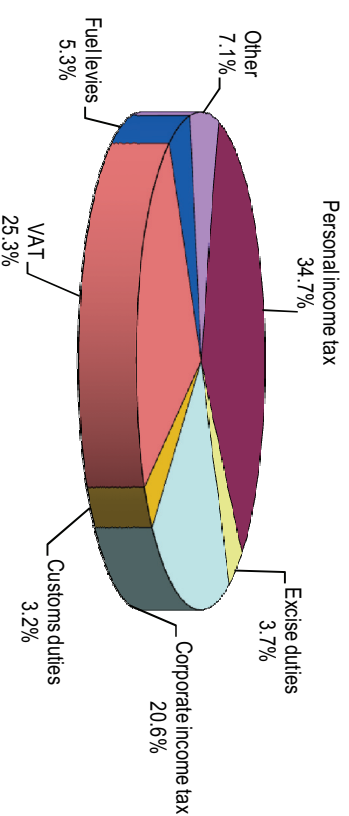
R million	2009/10		2010/11		2012/13	
	Revised estimate	Medium-term estimates	Revised estimate	Medium-term estimates	Revised estimate	Medium-term estimates
<b>Revenue</b>	<b>657,552</b>	<b>738,404</b>	<b>827,742</b>	<b>922,278</b>	<b>922,278</b>	<b>922,278</b>
Percentage of GDP	26.8%	27.3%	27.9%	28.0%	28.0%	28.0%
<b>Expenditure</b>	<b>835,324</b>	<b>906,964</b>	<b>977,361</b>	<b>1,058,822</b>	<b>1,058,822</b>	<b>1,058,822</b>
Percentage of GDP	34.1%	33.6%	32.9%	32.1%	32.1%	32.1%
<b>Budget balance</b>	<b>-177,773</b>	<b>-168,560</b>	<b>-149,619</b>	<b>-136,544</b>	<b>-136,544</b>	<b>-136,544</b>
Percentage of GDP	-7.3%	-6.2%	-5.0%	-4.1%	-4.1%	-4.1%
<b>Gross domestic product</b>	<b>2,449,858</b>	<b>2,699,888</b>	<b>2,967,560</b>	<b>3,295,749</b>	<b>3,295,749</b>	<b>3,295,749</b>

## Consolidated government expenditure by function, 1 2009/10 – 2012/13

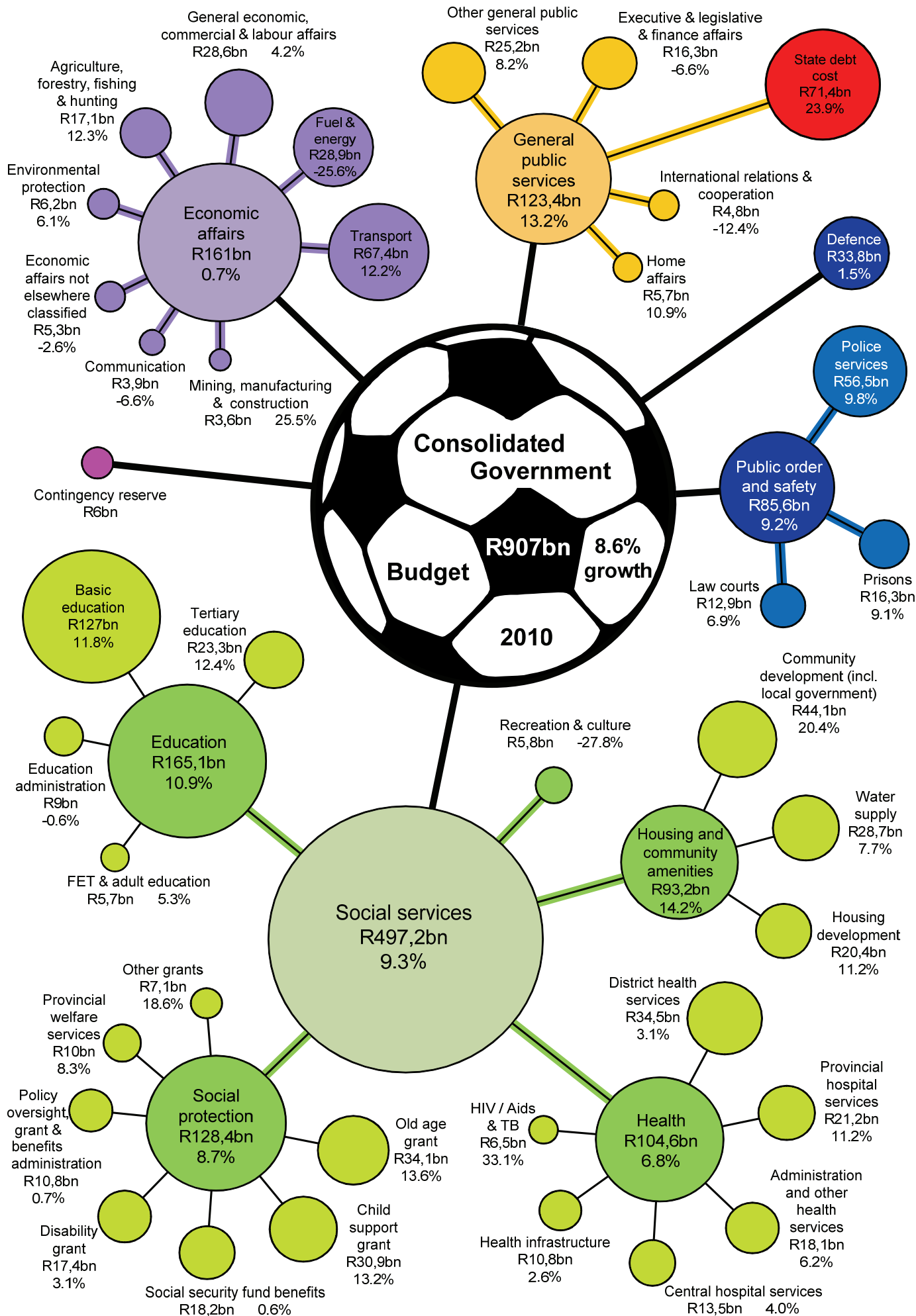
R million	2009/10		2010/11		2011/12		2012/13		Average annual growth 2009/10 – 2012/13
	Revised estimate	Medium-term estimates	Revised estimate	Medium-term estimates	Revised estimate	Medium-term estimates	Revised estimate	Medium-term estimates	
Education	148 867	165 074	179 889	189 710	189 710	189 710	189 710	8.4%	
Health	97 969	104 640	113 432	120 519	120 519	120 519	120 519	7.1%	
Social protection, recreation and culture	126 279	134 267	147 343	160 714	160 714	160 714	160 714	8.4%	
Housing and community amenities	81,614	93,194	105,270	113,483	113,483	113,483	113,483	11.6%	
Public order and safety	78,407	85,615	92,682	99,420	99,420	99,420	99,420	8.2%	
Defence	33,293	33,793	37,485	39,966	39,966	39,966	39,966	6.3%	
Economic affairs	154,073	154,810	138,861	144,578	144,578	144,578	144,578	-2.1%	
Environmental protection	5,841	6,198	6,591	7,043	7,043	7,043	7,043	6.4%	
General public services	51,382	52,016	55,347	55,167	55,167	55,167	55,167	2.4%	
<b>Allocated expenditure</b>	<b>777,725</b>	<b>829,606</b>	<b>876,898</b>	<b>930,600</b>	<b>930,600</b>	<b>930,600</b>	<b>930,600</b>	<b>6.2%</b>	
Debt service cost	57,600	71,358	88,463	104,022	104,022	104,022	104,022	21.8%	
Contingency reserve	6,000	6,000	12,000	24,000	24,000	24,000	24,000	21.8%	
<b>Total expenditure</b>	<b>833,324</b>	<b>906,964</b>	<b>977,361</b>	<b>1,058,822</b>	<b>1,058,822</b>	<b>1,058,822</b>	<b>1,058,822</b>	<b>8.2%</b>	

1. Includes national, provincial, social security funds and selected public entities.

## Tax revenue



# Consolidated Government Expenditure



Note: Consolidated government expenditure in R billion, percentages reflect growth relative to 2009/10 estimated