

# BUDGET HIGHLIGHTS 2011

## ADDITIONS TO SPENDING PLANS OVER THE NEXT THREE YEARS

- R10 billion for job creation, small enterprise development, and youth employment
- R10.4 billion for public transport, roads and rail infrastructure
- R9.5 billion to increase enrolment at FET colleges and skills development
- R8.2 billion for upgrading school facilities
- R7.9 billion to improve primary health care, revitalise hospitals and combat HIV and Aids
- R7.2 billion for human settlement upgrading, municipal services and water infrastructure
- R2.8 billion for rural development and emerging farmer support
- R8.9 billion for social security benefits and social grants; old age and disability grants are increased by R60 to R1 140 a month and the child support grant will increase to R260 in April and R270 in October
- R1.8 billion for municipalities and provinces to deal with immediate disaster needs, and R600 million for post-recovery and reconstruction following the floods in early 2011

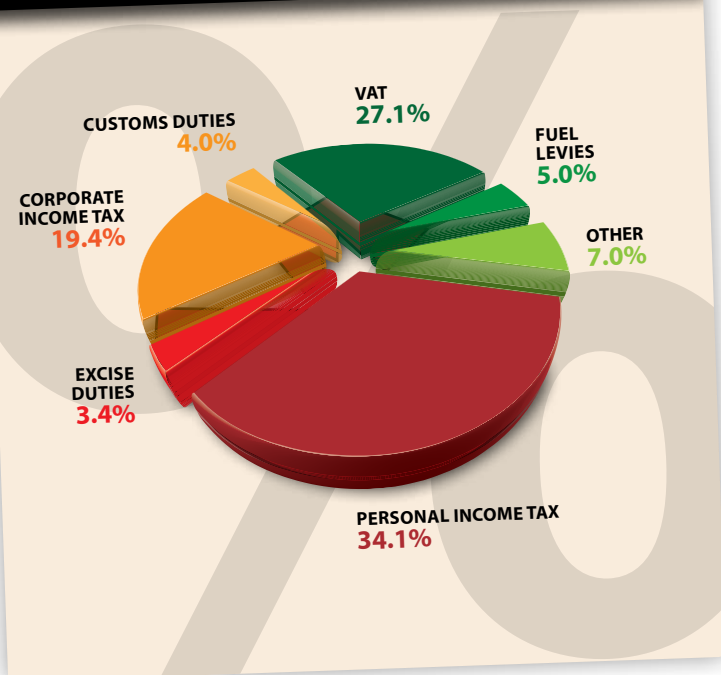
## TOWARDS INCLUSIVE GROWTH

- Economic growth of 3.4% is projected for 2011, increasing to 4.4% by 2013
- Consumer price inflation declined from 7.1% in 2009 to 4.3% in 2010, expected to rise to 5.5% by 2013
- Additional R94.1 billion in government expenditure plans over the next three years
- Projected budget deficit of 5.3% for 2010/11, declining to 4.8% in 2011/12, and 3.8% in 2013/14
- Debt is projected to rise from R526 billion at the end of 2008/09 to R1.4 trillion in 2013/14
- New Growth Path to create 5 million jobs over the decade ahead
- R9 billion jobs fund to co-finance employment initiatives with self-sustaining potential
- Youth employment incentive to expand jobs for young workseekers by 178 000 over three years
- Investment in infrastructure of R809 billion over the next three years

## TAX PROPOSALS

- Personal income tax relief of R8.1 billion
- Increase in the tax-free lump sum benefit upon retirement from R300 000 to R315 000
- A third rebate for individuals 75 years and older
- A packet of 20 cigarettes will cost 80 cents more
- A 750 ml bottle of liquor (spirits) will cost R2.73 more
- A litre of sparkling wine will cost 30 cents more
- A 340 ml can of beer will cost 6 cents more and a 340 ml can of cider will cost 6 cents more
- Taxation of gambling winnings above R25 000
- General fuel levy increase of 10c a litre, and 8c a litre more for the Road Accident Fund

## TAX REVENUE



## BUDGET AT A GLANCE

### MACROECONOMIC OUTLOOK – SUMMARY, 2010 – 2013

	2010	2011	2012	2013
<b>Real growth</b>	<b>Estimate</b>	<b>Forecast</b>		
Household consumption	4.6%	4.2%	4.3%	4.5%
Capital formation	-3.6%	3.9%	5.5%	6.8%
Exports	5.3%	6.0%	6.4%	7.3%
Imports	10.4%	8.5%	7.0%	7.4%
Gross domestic product	2.7%	3.4%	4.1%	4.4%
Headline CPI inflation	4.3%	4.9%	5.2%	5.5%
Balance of payments current account (percentage of GDP)	-3.2%	-4.2%	-4.9%	-5.0%

### CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK, 2010/11 – 2013/14

	2010/11	2011/12	2012/13	2013/14
<b>R million</b>	<b>Revised estimate</b>	<b>Medium-term estimates</b>		
Revenue	755 023	824 466	908 714	1 017 187
Percentage of GDP	28.3%	28.3%	28.4%	28.8%
Expenditure	897 376	979 265	1 061 582	1 151 773
Percentage of GDP	33.6%	33.6%	33.2%	32.6%
Budget balance	-142 353	-154 799	-152 868	-134 586
Percentage of GDP	-5.3%	-5.3%	-4.8%	-3.8%
Gross domestic product	2 666 894	2 914 862	3 201 299	3 536 002

### CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 1 2010/11 – 2013/14

	2010/11	2011/12	2012/13	2013/14	Average annual growth 2010/11 – 2013/14
<b>R million</b>	<b>Revised estimate</b>	<b>Medium-term estimates</b>			
Education	172 713	189 523	201 349	215 121	7.6%
Health	102 522	112 575	120 641	127 394	7.5%
Social protection, recreation and culture	139 113	153 282	165 216	178 816	8.7%
Housing and community amenities	102 061	121 921	130 353	138 377	10.7%
Public order and safety	84 050	90 904	97 856	104 555	7.5%
Defence	33 958	38 436	41 352	43 895	8.9%
Economic affairs	140 319	130 538	140 144	149 194	2.1%
Environmental protection	4 745	6 019	5 740	6 159	9.1%
General public services	51 325	55 398	56 718	60 850	5.8%
<b>Allocated expenditure</b>	<b>830 806</b>	<b>898 596</b>	<b>959 369</b>	<b>1 024 362</b>	<b>7.2%</b>
Debt service cost	66 570	76 579	90 808	104 036	16.0%
Contingency reserve	-	4 090	11 405	23 375	
<b>Total expenditure</b>	<b>897 376</b>	<b>979 265</b>	<b>1 061 582</b>	<b>1 151 773</b>	<b>8.7%</b>

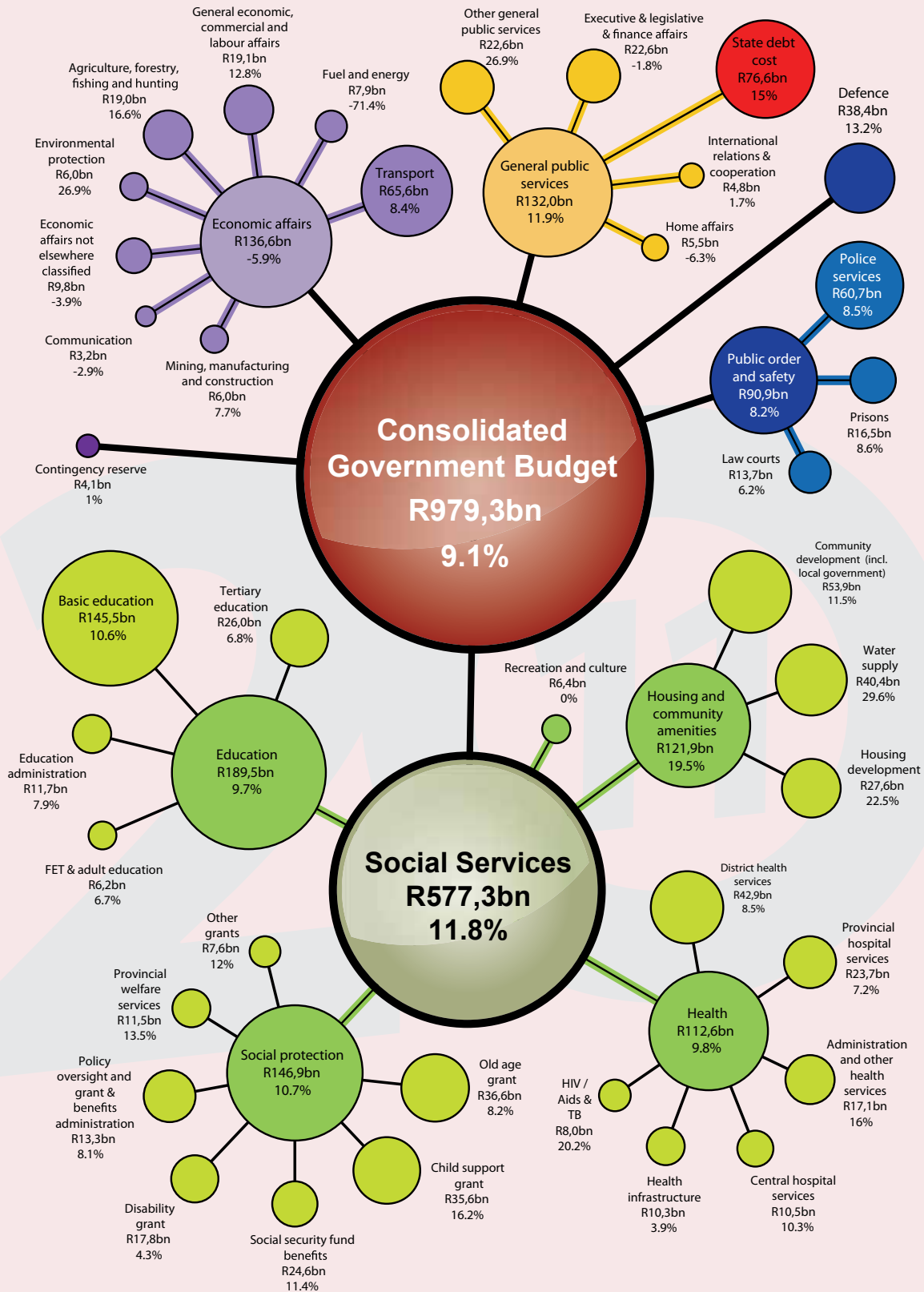
1. Includes national, provinces, social security funds and selected public entities.



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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Note: Consolidated government expenditure in R billion, percentages reflect growth relative to 2010/11 estimated outcome.



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