

BUDGET 2013 HIGHLIGHTS



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ISSUED BY: National Treasury: Tel, (012) 315 5757 | www.treasury.gov.za

ADDITIONS TO SPENDING PLANS OVER THE NEXT THREE YEARS

- R5.2 billion for local government equitable share to help smaller municipalities meet developmental commitments.
- R4.2 billion to provincial equitable share to phase in adjustments resulting from Census 2011.
- R3.2 billion to Passenger Rail Association of South Africa for rail signalling infrastructure.
- R2.6 billion for regional bulk water infrastructure.
- R1.9 billion for the municipal water infrastructure grant.
- R1.5 billion for De Hoop dam.
- R1.4 billion to South African National Roads Agency Limited for road construction and maintenance.
- R1.1 billion for Square Kilometre Array and R0.6 billion for science and technology infrastructure.
- R1 billion to provinces to increase number of teachers and R0.8 billion for grade R teachers.
- R1 billion to human settlements grant.
- R0.9 billion to integrated national electrification programme.

ECONOMIC RECOVERY AND EMPLOYMENT

- Economic growth projected at 2.7 per cent in 2013, 3.5 per cent in 2014 and 3.8 per cent in 2015.
- Consumer price inflation to remain within target band over medium term.
- Current account deficit to average 6.2 per cent over next three years.
- Moderate employment growth expected over medium term. Pace of job creation depends on faster private-sector growth.

BUDGET FRAMEWORK

- Tax revenue for 2012/13 expected to be R16.3 billion below 2012 Budget estimate.
- Spending cuts of R10.4 billion over next three years in response to tight fiscal conditions.
- Contingency reserve reduced by R23.5 billion over medium term.
- Real growth in spending to average 2.3 per cent over medium-term expenditure framework period.
- Budget deficit of 5.2 per cent of GDP expected for 2012/13, narrowing to 3.1 per cent in 2015/16.
- Debt stock as percentage of GDP to stabilise at about 40 per cent in 2015/16.

TAX PROPOSALS

- Personal income tax relief of R7 billion.
- Employment incentives to support young work seekers and special economic zones.
- Tax relief for small businesses.
- Tax treatment of contributions to pension, retirement annuity and provident funds to be harmonised.
- Phased implementation of carbon tax proposed.
- Increase in general fuel levy of 15c/l.
- Malt beer increases by 7.5c to R1.08 per 340ml can.
- Unfortified wine increases by 15c per 750ml bottle.
- Ciders and alcoholic fruit beverages increase by 7.3c per 330ml bottle.
- Spirits increase by R3.60 to R39.60 per 750ml bottle.
- Cigarettes increase by 60c to R10.92 per packet of 20.

BUDGET AT A GLANCE

MACROECONOMIC OUTLOOK – SUMMARY, 2012 – 2015

Real growth	2012	2013	2014	2015
Percentage	Estimate %	Forecast %		
Household consumption	3.4	3.1	3.7	3.9
Capital formation	6.4	5.7	5.9	6.5
Exports	1.1	3.9	6.7	7.2
Imports	7.2	5.9	7.2	7.3
Gross domestic product	2.5	2.7	3.5	3.8
Consumer price inflation (CPI)	5.7	5.6	5.5	5.4
Balance of payments current account (percentage of GDP)	-6.1	-6.2	-6.3	-6.0

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 2012/13 – 2015/16

R billion	2012/13	2013/14	2014/15	2015/16
	Revised estimate	Medium-term estimates		
Revenue	887.8	985.7	1 091.1	1 199.8
Percentage of GDP	27.7%	28.0%	28.1%	28.1%
Expenditure	1 055.9	1 149.4	1 244.3	1 334.1
Percentage of GDP	32.9%	32.7%	32.1%	31.2%
Budget balance	-168.0	-163.7	-153.2	-134.4
Percentage of GDP	-5.2%	-4.6%	-3.9%	-3.1%
Gross domestic product	3 209.1	3 520.3	3 880.4	4 270.8

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 2012/13 – 2015/16

R million	2012/13	2013/14	2014/15	2015/16	Average annual growth 2012/13–2015/16
	Revised estimate	Medium-term estimates			
General public services	53 787	56 717	61 565	64 910	6.5%
Defence, public order and safety	142 533	153 694	162 889	171 745	6.4%
Economic infrastructure	79 184	88 623	96 972	105 890	10.2%
Economic services and environmental protection	44 060	47 997	50 238	53 489	6.7%
Local government, housing and community amenities	119 022	132 084	146 976	158 743	10.1%
Health and social protection	251 291	268 477	288 598	306 332	6.8%
Education, sport and culture	220 916	232 530	247 250	264 899	6.2%
Employment and social security	41 677	49 232	57 239	61 015	13.5%
Science and technology	15 096	16 294	17 394	18 926	7.8%
Allocated expenditure	967 566	1 045 648	1 129 121	1 205 949	7.6%
Debt-service costs	88 325	99 741	108 718	118 163	10.2%
Contingency reserve	–	4 000	6 500	10 000	
Consolidated expenditure	1 055 891	1 149 390	1 244 340	1 334 111	8.1%

TAX REVENUE 2013/14



