

2009 Budget Highlights

On the economy

- GDP growth is projected at 1.2 per cent in 2009, rising to 4 per cent by 2011.
- Inflation (the rise in the consumer price index) is expected to fall to 5.8 per cent in 2009.
- Gross fixed capital formation growth is projected to average 6.1 per cent over the next three years.
- Government spending on infrastructure totals R787 billion over the next three years, R390 billion of which is capital spending by the state-owned enterprises.
- Consolidated government budget deficit reaches 3.8 per cent in 2009/10, moving to 1.9 per cent by 2011/12.
- Consolidated government spending (excluding interest) grows by 5.1 per cent a year in real terms.

Spending on public services *(Additions to spending over the next three years)*

- R24.8 billion to provinces for increasing services, mainly health and education.
- R12 billion more for social grants and R1.2 billion for grant administration fees.
- R4.1 billion for the second phase of the expanded public works programme.
- R4 billion for the school nutrition programme to feed more children more often.
- R5.4 billion for the criminal justice sector overhaul, including fingerprint and DNA databases.
- R4.1 billion for provincial infrastructure, especially school buildings, roads and clinics.
- R4.3 billion for municipal infrastructure and R1 billion for regional bulk water infrastructure.
- R600 million for municipalities to extend free basic services.
- R1.6 billion as an equity injection into South African Airways.
- R3.7 billion more for increased housing provision.
- R1 billion for electricity demand-side management.
- R932 million for the treatment and prevention of HIV and Aids.
- R6.4 billion for public transport, roads and rail infrastructure.
- R1.6 billion for industrial development and support to small enterprises.
- R1.8 billion for rural development, mainly focused on supporting small-scale agriculture.

Tax proposals

- Personal income tax relief for individuals amounts to R13.6 billion.
- Taxes on petrol and diesel increase by 40.5 and 41.5 cents per litre respectively.
- A packet of 20 cigarettes will cost 88 cents more.
- A 750 ml bottle of natural wine will cost 10.5 cents more.
- A 340 ml can of beer will cost 7 cents more.
- A 750 ml bottle of liquor (spirits) will cost R3.21 more.
- Incentives for investments in energy-efficient technologies.
- Motor vehicle excise reform to tax carbon emissions and a new tax on energy-intensive light bulbs.

Macroeconomic outlook – summary, 2008 – 2011

	2008 Estimate	2009	2010 Forecast	2011
Real growth				
Household consumption	2.5%	-0.2%	1.9%	3.2%
Capital formation	11.5%	3.7%	5.7%	9.0%
Exports	2.1%	-1.4%	3.3%	4.9%
Imports	3.2%	-3.7%	6.7%	7.7%
Gross domestic product	3.1%	1.2%	3.0%	4.0%
Consumer price inflation (CPIX)	11.6%	5.8%	5.3%	4.7%
Balance of payments current account (percentage of GDP)	-8.1%	-6.3%	-6.9%	-6.9%

Consolidated government budget

R billion	2008/09	2009/10	2010/11	2011/12
Gross tax receipts	655.8	692.6	757.1	832.5
plus: Non-tax receipts	70.8	75.7	83.2	91.0
less: SACU transfers	-28.9	-27.9	-26.2	-27.9
Total receipts	697.7	740.4	814.1	895.6
Current payments	431.1	472.4	516.9	558.1
of which: Interest	58.0	60.0	66.5	73.8
Transfers and subsidies	239.7	294.6	304.6	304.4
Payments for capital assets	50.3	61.3	66.2	70.6
Contingency reserve	–	6.0	12.0	20.0
Total payments	721.1	834.3	899.7	953.1
Budget balance	-23.4	-94.0	-85.6	-57.4
Percentage of GDP	-1.0%	-3.8%	-3.2%	-1.9%
Gross domestic product	2,304.1	2,474.2	2,686.3	2,953.0

Consolidated government expenditure by function,¹ 2008/09 – 2011/12

R billion	2008/09 Revised estimate	2009/10	2010/11	2011/12	Average annual growth 2008/09 – 2011/12
		Medium-term estimates			
General public services	48.1	51.3	54.4	56.1	5.2%
Defence	30.8	34.7	35.5	38.0	7.3%
Public order and safety	67.8	75.5	82.9	92.5	10.9%
Economic affairs	126.2	179.6	177.7	160.6	8.4%
Environmental protection	5.1	5.6	6.2	6.5	8.2%
Housing and community amenities	65.3	73.2	82.4	92.0	12.1%
Health	80.8	86.9	97.6	105.4	9.2%
Recreation and culture	9.9	7.7	5.8	5.4	-18.3%
Education	127.3	140.4	156.1	169.7	10.0%
Social protection	105.4	118.1	129.1	140.0	9.9%
Allocated expenditure	666.8	773.1	827.6	866.2	9.1%
State debt cost	54.3	55.3	60.1	66.8	7.2%
Contingency reserve	–	6.0	12.0	20.0	
Total expenditure	721.1	834.3	899.7	953.1	9.7%

1. Consisting of national, provincial, social security funds and public entities. Refer to Annexure W2.

Government expenditure 2009/10

