



BUDGET 2010

a people's guide

In February of each year, the Minister of Finance announces government's spending, tax and borrowing plans for the next three years. This is called the national budget. It describes how government will raise money and how it will be spent. The national budget divides money between national departments, provinces and municipalities. *Budget highlights on page 4...*

2010 - Ke Nako!

With the 2010 FIFA World Cup kick-off fast approaching, South Africans are excited about hosting one of the world's greatest sporting events. Our success in hosting the Confederation Cup in 2009 has added to the celebratory mood. As the first African host of this event, we have been given a once-in-a-lifetime opportunity to show just how much our rainbow nation can accomplish.

Our country will benefit as we welcome hundreds of thousands of visitors from all over the world. The World Cup will act as a tourist promotion, and we will use it to make sure these visitors will return to South Africa again.

Preparations for the event started in 2004 and gradually the country's roads, transport, stadiums and buildings received a facelift. This massive construction work resulted in a number of jobs being created and this boosted our economy. In fact, over 130 000 jobs were created in building stadiums alone, and this contributed R2 billion to low income households. Our country now has ten world class sports stadiums, allowing us to hold other big sporting events in future. Host cities have plans in place for using these stadiums after the World Cup.

Government provided a total of R 33 billion to the World Cup and South Africans will continue to reap the benefits long after Zakumi, the official mascot for the World Cup, has done his last dance on July 11. Spending has been carefully monitored so that no public resources were unaccounted for or wasted.

Almost R13 billion was spent on upgrading transport systems across the country, and major cities now have new systems like the Bus Rapid Transport System.

A further R 1.3 billion is being spent on safety and security, which will assist the South African Police Services in making sure the event is safe, and in their continued fight against crime.

Communities should also get involved, guarding against vandalism and using these facilities to

support youth and sport development.

This World Cup will stand out as a defining moment in our country's development.

Ke nako – it is time!



Faster growth, benefiting more people

Since 1994, government has done well to revive the economy from the bad condition the Apartheid government left it in. The economy has grown and since 2001 especially, more people have been able to get jobs. Government has also spent more money on housing, education, social grants, transport and water.

Still, too many people are unemployed. In particular, too many young people cannot find work. Earning an income allows people to lift themselves and their families out of poverty. A country also cannot become successful and wealthy if so many of its people are unemployed

At the end of 2008, the economy stopped growing and the country entered a recession. As we know, this recession was caused by events in the United States. Government took steps to reduce the impact of this recession on the poor through more spending, more social grants, and creating more jobs in the public works programmes.

To get more people working, we need even faster economic growth and we have to do things differently so that we can create more jobs. Most jobs are created by companies, but government can help in making it easier for companies to do business, to hire people and to make profits. Our country needs

a partnership between communities, government, businesses and trade unions, so that we can come together and find common solutions to create jobs.

Everyone has a role to play in ensuring that we can grow faster and create more jobs. Government's role is to improve education and training, to keep inflation and interest rates low, to change the laws that make it difficult for businesses to operate and to deliver better services to both individuals and businesses.

Our government is committed to doing things differently to achieve faster growth and more jobs.

New plan to improve government performance

In the State of the Nation Address, President Zuma announced a new plan to improve government performance. This means clear targets will be set for government's key priorities – education, health, fighting crime, rural development, creating jobs and improving human settlements. These targets must be achieved by 2014.

Examples of key targets include making sure that everyone has access to electricity and water, training more people in skills such as plumbing, electrical work, building and vehicle repairs, and supporting rural businesses.

While a lot has been achieved since 1994, in some areas government has not delivered what people expect. The number of children in

school has increased but many grade 3 learners still cannot read and write. More clinics have been built, but too many mothers still die giving birth. Even as we have more police, the level of crime is still too high.

In education only 36 per cent of grade 3 learners can read and write at an acceptable level. The aim is to increase this figure to 60 per cent by 2014. In health, about 69 babies per 1 000 live births die on average each year. By 2014 this number must be down to 30-35 per 1 000 live births.

Ministers are preparing plans to achieve these targets and must also submit performance agreements which the President will sign. This new initiative, to be coordinated by the Minister in the Presidency

responsible for Performance Monitoring and Evaluation, will help keep ministers, premiers, mayors and officials more accountable for what government is achieving.

Improved planning and monitoring is an important part of making democracy work. However, it is up to all South Africans to hold their government accountable so that people's needs are responded to effectively.

Other examples of key targets include:

- Reducing new HIV infections
- Reducing the rate of tri-crimes (house robbery, business robbery and car high jacking)
- Improving maths and science results in schools

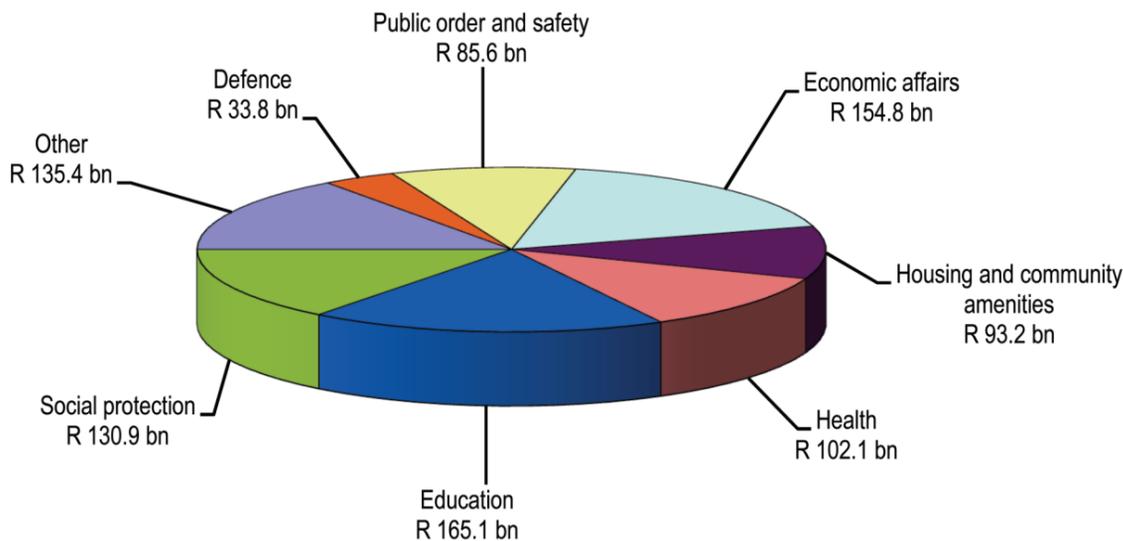
Budget Highlights

The main changes to the budget for the next three years are:

Spending highlights

- R12.2 billion more to extend the child support grant up to a child's 18th birthday
- R2.7 billion more to provide literacy and numeracy workbooks and R1 billion to increase subsidies for higher education institutions
- R15.1 billion extra for occupation-specific salary dispensations for school and FET college educators, health workers and correctional services workers
- R2.2 billion in addition for the new defence force remuneration system
- R8.4 billion extra for the HIV and Aids programme to broaden ARV treatment programme
- R3.6 billion more for industrial policy initiative
- R2.5 billion for public works programmes
- R1 billion more to the criminal justice sector
- R2.8 billion more for public transport, roads and rail infrastructure
- R2.5 billion extra for municipal infrastructure and R6.7 billion to municipalities to cover the increased cost of free basic services
- R1 billion more for rural development, R1.2 billion for water and sanitation infrastructure in support of rural households and R1.5 billion for the Land Bank to support rural development
- R1 billion in addition for human settlements and R0.5 billion for bulk water infrastructure

Government expenditure (R billion)



More with less

The 2010 budget is a clear indication of governments' commitment to 'doing more with less', while ensuring effective service delivery for the people. Through government's efforts to identify savings in all departments, we were able to find R25.6 billion for reallocation to our priorities such as education and health.

Getting value for money is important, and all employees in the public sector must ensure that public funds are spent wisely. Importantly, corrupt tender practises must be exposed and those found guilty brought to justice.

The government task team set up in July 2009 to effect savings continues to find creative ways of re-prioritising spending so that waste is eliminated. Equally, the interdepartmental working group

looking at preventing tender-related corruption and fraud and strengthening compliance, has made a lot of progress and is closing-in on corrupt individuals and companies.

Ensuring value for money also means implementing proper remuneration practices. Paying workers a decent wage is important but this must happen in a way that does not hinder service delivery.

Unreasonable and irresponsible pay demands by executives of under-performing state enterprises do not embrace the core values and spirit of our constitution. In a developing country like ours with widespread unemployment and poverty, we must ensure that the money we spend has the biggest impact possible on improving the lives of our people.



Social grants value

Rand	2009/10	2010/11
State old age pension	1 010	1 080
Disability grant	1 010	1 080
Child support grant	240	250
Foster care grant	680	710
Care dependency grant	1 010	1 080
War veterans grant	1 030	1 100
Grant-in-aid	240	250

Tax proposals

- Personal income tax relief for individuals of R6.5 billion
- Discontinuation of the SITE (standard tax on employees) system
- Fuel taxes, including the road accident fund, will increase, as from 7 April 2010, by 25.5 cents per 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, and
- A 750 ml bottle of liquor (spirits) will cost R2.22 more