

## INFLATION PROJECTIONS

- The impact of any anticipated cost increases on *goods and services*. The outlook for inflation published in the 2007 Medium Term Budget Policy Statement as reflected below:

### Inflation projections

	2008/09	2009/10	2010/11
CPIX	5.4	4.6	4.5

If inflation outcomes are above the forecasted estimates it is incumbent on entities to ensure that the additional costs are absorbed through their baselines.

## FOREIGN EXCHANGE PROJECTIONS

Projected expenditure on foreign services and on imported equipment and services must be budgeted for using the following exchange rate projections:

### 2008 MTEF Macro projections: Exchange rates (R/foreign currency)

	2008/09	2009/10	2010/11
US\$	7.31	7.86	8.55
Euro	10.94	11.1	11.21
Pound	14.73	15.26	16.15
Jyen	0.064	0.072	0.081
Sfr	6.18	6.26	6.49

## SALARY INCREASE PROJECTIONS

The full cost of all aspects of personnel policy, especially the carry through effects of the salary increase of 7.5 per cent in 2007/08. The 2008 MTEF makes provision for expected general salary increases of 6 per cent in 2008/09, and 5 per cent in 2009/10 and in 2010/11 respectively. If inflation outcomes are above the forecasted estimates it is incumbent on entities to ensure that the additional costs are absorbed through their baselines. On this basis, salary increases for the MTEF period should be budgeted for based on the following:

### Salary increases

2008/09	2009/10	2010/11
6%	5%	5%

- In addition to general salary increases, entities must take account of other aspects of remuneration such as housing allowances, medical aid expenses and take up of new members into GEMS, pay progression, career pathing and performance incentives.