

BUDGET 2014 HIGHLIGHTS

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BUDGET FRAMEWORK

- Budget deficit of 4.0 per cent of GDP expected for 2013/14, narrowing to 2.8 per cent in 2016/17.
- Debt stock as percentage of GDP to stabilise at 44.3 per cent in 2016/17.
- Tax revenue for 2013/14 expected to be R1 billion higher than projected in 2013 Budget.
- Real growth in non-interest spending to average 1.9 per cent over next three years.
- National and provincial government expenditure on travel, catering, consultants and other administrative payments declines as a share of spending.
- Expenditure ceiling commits government to spending limits of R1.03 trillion in 2014/15, R1.11 trillion in 2015/16 and R1.18 trillion in 2016/17.

SPENDING PROGRAMMES

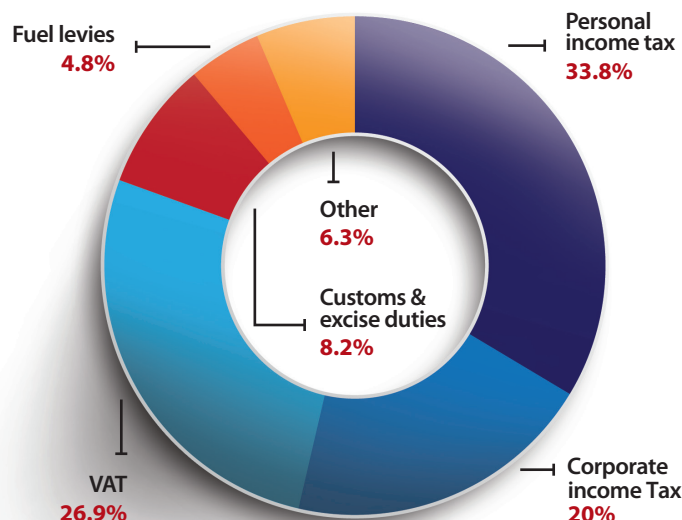
Over the next three years, government will spend:

- R410 billion on social grants
- R15.2 billion on the economic competitiveness and support package
- R8.5 billion on the Community Work Programme
- R8.7 billion on settlement of land restitution claims
- R7 billion for subsistence and smallholder farmers
- R78 billion on university subsidies and R19.4 billion for the National Student Financial Aid Scheme
- R34.3 billion on school infrastructure
- R22.9 billion to upgrade commuter rail services
- R143.8 billion to support municipal infrastructure
- R42 billion on the HIV and AIDS conditional grant

TAX PROPOSALS

- Personal income tax relief of R9.3 billion
- Adjustments to tax tables relating to retirement lump-sum payments
- Measures to encourage small enterprise development
- Clarity on valuation of company cars for fringe-benefit tax purposes
- Reforms to tax treatment of the risk business of long-term insurers
- Amending rules for VAT input tax to combat gold smuggling
- Measures to address acid mine drainage
- Adjustment of the proposed carbon tax and its alignment with desired emission-reduction outcomes identified by the Department of Environmental Affairs.

TAX REVENUE 2014/15



BUDGET AT A GLANCE

MACROECONOMIC OUTLOOK – SUMMARY

Real growth	2013	2014	2015	2016
Percentage	Estimate	Forecast		
Household consumption	2.7	2.8	3.2	3.4
Capital formation	3.2	4.2	5.3	6.0
Exports	4.8	5.6	6.3	7.0
Imports	7.3	5.3	6.1	7.0
Gross domestic product	1.8	2.7	3.2	3.5
Consumer price inflation (CPI)	5.7	6.2	5.9	5.5
Balance of payments current account (% of GDP)	-6.1	-5.9	-5.8	-5.5

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

	2013/14	2014/15	2015/16	2016/17
R billion	Revised Estimate	Medium-Term Estimates		
Revenue	1 010.5	1 099.2	1 201.3	1 324.7
Percentage of GDP	29.2%	29.0%	28.9%	29.1%
Expenditure	1 149.3	1 252.3	1 351.6	1 451.6
Percentage of GDP	33.2%	33.0%	32.6%	31.9%
Budget balance	-138.8	-153.1	-150.3	-126.9
Percentage of GDP	-4.0%	-4.0%	-3.6%	-2.8%
Gross domestic product	3 464.9	3 789.6	4 150.5	4 552.9

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 2013/14 – 2016/17

	2013/14	2014/15	2015/16	2016/17	2013/14–2016/17
R billion	Revised estimate	Medium-term estimates			Average annual growth
Defence	45.2	47.9	50.6	53.8	6.0%
Economic infrastructure	84.7	92.8	101.2	105.0	7.5%
Economic services	47.9	50.0	52.5	55.5	5.0%
Education & related functions	240.5	253.8	274.5	293.3	6.8%
Employment & social security	47.9	57.3	64.1	69.3	13.1%
General public services	62.6	65.1	68.6	74.1	5.8%
Health	134.3	145.7	155.1	164.8	7.1%
Local gov, housing & community amenities	127.2	142.9	155.5	163.5	8.7%
Public order and safety	109.3	115.7	122.1	130.3	6.0%
Science and technology & environmental affairs	17.5	18.7	20.1	21.0	6.4%
Social protection	130.9	144.5	154.6	163.8	7.7%
Allocated expenditure	1 048.0	1 134.4	1 219.0	1 294.4	7.3%
Debt-service costs	101.3	114.9	126.6	139.2	11.2%
Contingency reserve	–	3.0	6.0	18.0	
Consolidated expenditure	1 149.3	1 252.3	1 351.6	1 451.6	8.1%

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CONSOLIDATED GOVERNMENT EXPENDITURE

R1.25 TRILLION | 9.0%

GENERAL PUBLIC SERVICES

R180.0bn
9.9%

Debt-service costs	R114.9bn	13.5%
Executive, legislative & finance affairs	R31.8bn	7.5%
Other general public services	R19.0bn	3.6%
International relations & cooperation	R7.5bn	0.9%
Home affairs	R6.8bn	-6.1%

ECONOMIC AFFAIRS

R142.8bn
7.7%

Transport	R81.6bn	11.9%
Agriculture, forestry & fisheries; Rural development & land reform	R24.3bn	2.7%
General economic & commercial affairs; Mining, manufacturing & construction; other industries	R23.1bn	5.3%
Fuel & energy	R8.6bn	9.7%
Environmental protection	R2.6bn	12%
Communication	R2.6bn	-33.3%

PUBLIC ORDER & SAFETY

R115.7bn
5.9%

Police services	R78.1bn	5.5%
Prisons	R19.7bn	5.2%
Law courts	R17.9bn	8.3%

DEFENCE

R47.9bn
5.9%

SCIENCE & TECHNOLOGY

R18.7bn | 6.8%

CONTINGENCY RESERVE

R3bn

SOCIAL SERVICES

R744.2 BILLION | 9.3%

EDUCATION & RELATED FUNCTIONS

R253.8bn
5.5%

Basic education	R177.6bn	5.9%
University education	R29.9bn	6.5%
Vocational & continuing education training	R23.4bn	-0.3%
Education administration	R12.3bn	6.2%
Recreation and culture	R10.6bn	10%

HEALTH

R145.7bn
8.5%

District health services	R52.3bn	10.9%
Provincial hospital services	R26.7bn	5.5%
Central hospital services	R24.3bn	3.5%
Other health services	R19.4bn	11.6%
HIV/AIDS & TB	R15.3bn	16.3%
Health infrastructure	R7.7bn	-1.1%

SOCIAL PROTECTION

R144.5bn
10.3%

Old age grant	R49.8bn	12.4%
Child support grant	R43.4bn	9.3%
Disability grant	R19.0bn	5.6%
Provincial welfare services	R15.4bn	21%
Policy oversight and grant & benefits administration	R8.1bn	2.7%
Other grants	R8.7bn	5.6%

HOUSING & COMMUNITY AMENITIES

R142.9bn
12.3%

Local government & community development	R80.3bn	8.6%
Housing development	R34.8bn	18.9%
Water supply	R27.8bn	15.7%

EMPLOYMENT SOCIAL SECURITY

R57.3bn | 19.7%