

# BUDGET 2012 HIGHLIGHTS

## ADDITIONS TO SPENDING PLANS OVER THE NEXT THREE YEARS

- R9.5 billion for the economic competitiveness and support package, including R2.3 billion for dedicated special economic zones
- R6.2 billion for job creation
- R3 billion for equalisation of subsidies to no-fee schools and expansion of access to grade R
- R1 billion for national health insurance pilot projects
- R1.4 billion for early childhood development
- R4 billion for passenger rail coaches
- R1 billion for rail signalling and depot infrastructure
- R4.7 billion solar water geysers
- R1.8 billion for municipal water infrastructure
- R3.9 billion for upgrading informal settlements

## TAX PROPOSALS

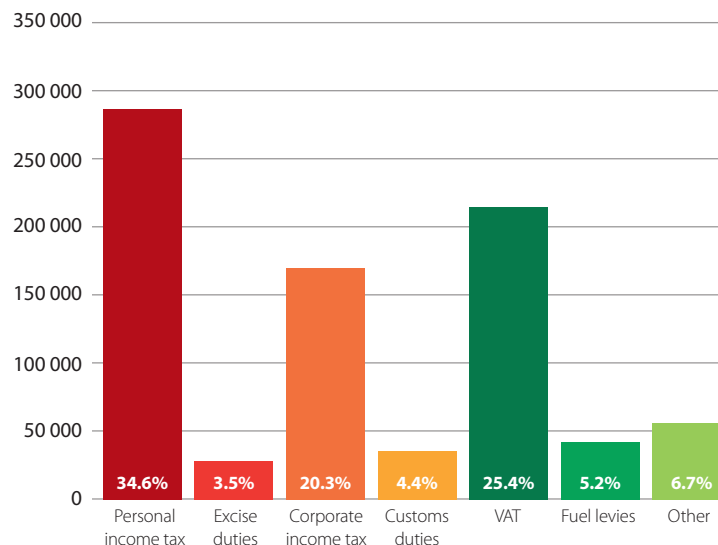
- Personal income tax relief of R9.5 billion
- Tax incentive to encourage savings
- Reforms to medical scheme contributions and retirement savings deductions
- Tax relief for micro and small businesses
- Dividend withholding tax introduced at 15%
- Capital gains tax increased
- A packet of 20 cigarettes will cost 58c more
- A litre of wine will cost 18c more, a 340ml can of beer will cost 9c more and a 750ml bottle of spirits will cost R6 more
- General fuel levy increases by 20c a litre, and the Road Accident Fund levy increases by 8c a litre;
- Electricity levy increased by 1c/kWh

## ECONOMIC RECOVERY AND EMPLOYMENT

- Economic growth forecast to slow from 3.1% in 2011 to 2.7% in 2012, increasing to 4.2% by 2014
- Consumer price inflation to rise from average of 5% in 2011 to 6.2% in 2012, declining to 5.1% in 2014
- Current account deficit to rise from 3.3% of GDP in 2011 to average 4.4% over next three years
- Employment is growing – 365 000 jobs were created in the year to December 2011 and unemployment fell to 23.9%

## TAX REVENUE 2012/13

R million



## BUDGET FRAMEWORK

- Additional R55.9 billion in government expenditure plans over next three years
- Real growth in non-interest expenditure of 2.6% over MTEF
- Budget deficit of 4.6% projected in 2012/13, 4% in 2013/14 and 3% in 2014/15
- National government net loan debt projected to reach R1.5 trillion in 2014/15
- Debt stock and interest costs as percentage of GDP to stabilise over medium term

## BUDGET AT A GLANCE

### MACROECONOMIC OUTLOOK – SUMMARY, 2011 – 2014

	2011	2012	2013	2014
<b>Real growth</b>	<b>Estimate</b>	<b>Forecast</b>		
Household consumption	4.9%	3.6%	3.8%	4.2%
Capital formation	4.3%	4.1%	4.5%	6.0%
Exports	6.0%	2.9%	5.8%	6.6%
Imports	9.4%	7.2%	7.1%	8.3%
<b>Gross domestic product</b>	<b>3.1%</b>	<b>2.7%</b>	<b>3.6%</b>	<b>4.2%</b>
Consumer price inflation (CPI)	5.0%	6.2%	5.3%	5.1%
Balance of payments current account (percentage of GDP)	-3.3%	-4.3%	-4.5%	-4.4%

### CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK, 2011/12 – 2014/15

	2011/12	2012/13	2013/14	2014/15
<b>R million</b>	<b>Revised estimate</b>	<b>Medium-term estimates</b>		
<b>Revenue</b>	<b>830.2</b>	<b>904.8</b>	<b>1 005.9</b>	<b>1 118.2</b>
Percentage of GDP	27.7%	27.4%	27.8%	28.0%
<b>Expenditure</b>	<b>972.5</b>	<b>1 058.3</b>	<b>1 149.1</b>	<b>1 239.7</b>
Percentage of GDP	32.5%	32.1%	31.7%	31.0%
<b>Budget balance</b>	<b>-142.3</b>	<b>-153.5</b>	<b>-143.3</b>	<b>-121.5</b>
Percentage of GDP	-4.8%	-4.6%	-4.0%	-3.0%
Gross domestic product	2 995.5	3 301.4	3 622.2	3 997.0

### CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 2011/12 – 2014/15

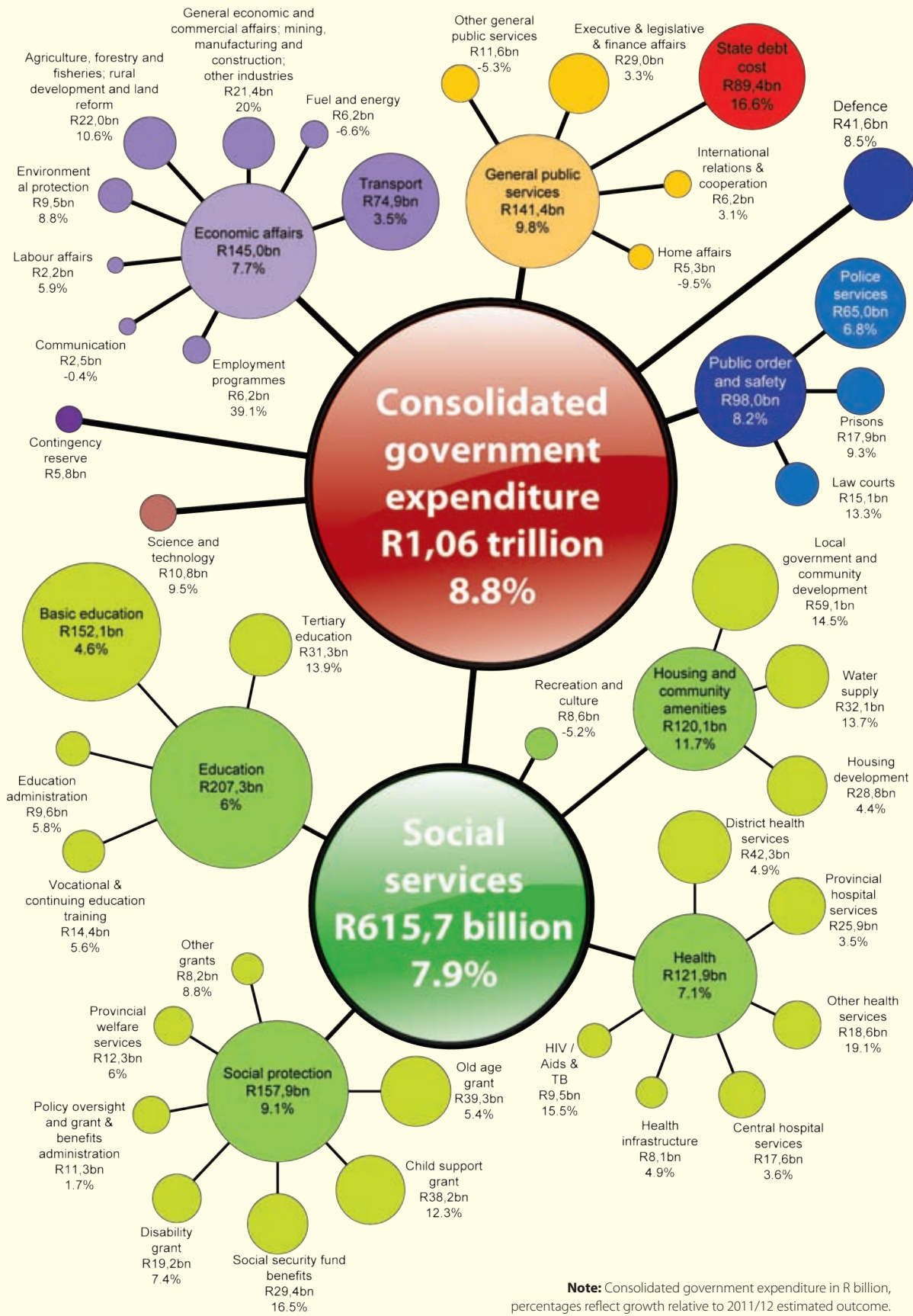
	2011/12	2012/13	2013/14	2014/15	Average annual growth 2011/12 – 2014/15
<b>R million</b>	<b>Revised estimate</b>	<b>Medium-term estimates</b>			
General public services	52 068	51 991	55 413	58 631	4.0%
Defence	38 367	41 617	44 348	46 992	7.0%
Public order and safety	90 544	97 991	104 530	110 575	6.9%
Economic infrastructure	81 494	83 595	90 224	98 298	6.4%
Economic services and environmental protection	53 077	61 393	66 439	70 575	10.0%
Local government, housing and community amenities	107 482	120 051	129 576	139 322	9.0%
Health	113 796	121 906	130 536	139 352	7.0%
Recreation and culture	9 043	8 571	9 543	9 940	3.2%
Education	195 483	207 281	223 100	236 067	6.5%
Social protection	144 693	157 930	171 394	184 792	8.5%
Science and technology	9 856	10 797	11 333	12 116	7.1%
<b>Allocated expenditure</b>	<b>895 903</b>	<b>963 123</b>	<b>1 036 435</b>	<b>1 106 660</b>	<b>7.3%</b>
Debt-service cost	76 645	89 388	100 806	109 039	12.5%
Contingency reserve	–	5 780	11 854	24 000	
Unallocated	–	30	30	–	
<b>Consolidated expenditure</b>	<b>972 547</b>	<b>1 058 321</b>	<b>1 149 125</b>	<b>1 239 699</b>	<b>8.4%</b>



**national treasury**

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