

BUDGET HIGHLIGHTS 2011

ADDITIONS TO SPENDING PLANS OVER THE NEXT THREE YEARS

- R10 billion for job creation, small enterprise development, and youth employment
- R10.4 billion for public transport, roads and rail infrastructure
- R9.5 billion to increase enrolment at FET colleges and skills development
- R8.2 billion for upgrading school facilities
- R7.9 billion to improve primary health care, revitalise hospitals and combat HIV and Aids
- R7.2 billion for human settlement upgrading, municipal services and water infrastructure
- R2.8 billion for rural development and emerging farmer support
- R8.9 billion for social security benefits and social grants; old age and disability grants are increased by R60 to R1 140 a month and the child support grant will increase to R260 in April and R270 in October
- R1.8 billion for municipalities and provinces to deal with immediate disaster needs, and R600 million for post-recovery and reconstruction following the floods in early 2011.

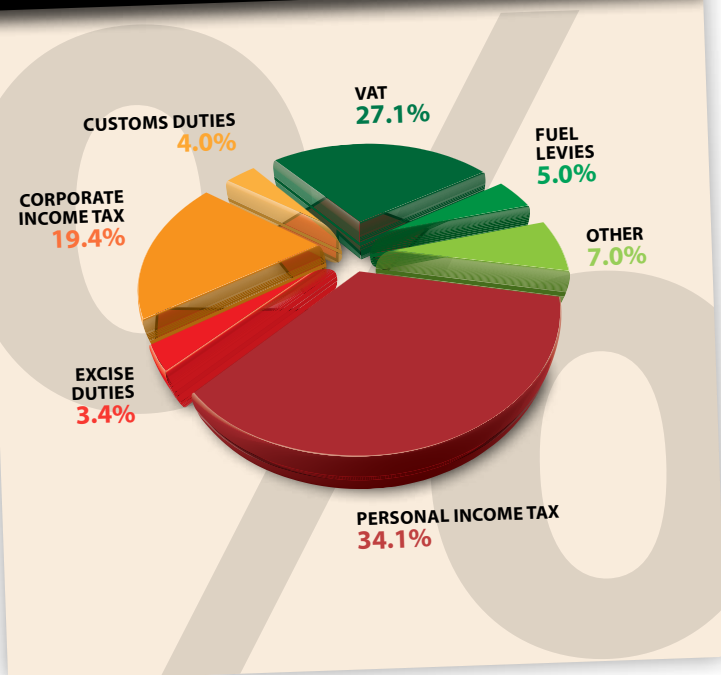
TOWARDS INCLUSIVE GROWTH

- Economic growth of 3.4% is projected for 2011, increasing to 4.4% by 2013
- Unemployment rate declining to 24.0% in the 4th quarter of 2010 from 25.3% in the previous quarter
- Consumer price inflation declined from 7.1% in 2009 to 4.3% in 2010, expected to rise to 5.5% by 2013
- Additional R94.1 billion in government expenditure plans over the next three years.
- Projected budget deficit of 5.3% for 2010/11, declining to 4.8% in 2012/13, and 3.8% in 2013/14
- Debt is projected to rise from R526 billion at the end of 2008/09 to R1.4 trillion in 2013/14
- New Growth Path to create 5 million jobs over the decade ahead
- R9 billion jobs fund to co-finance employment initiatives with self-sustaining potential
- Youth employment incentive to expand jobs for young workseekers by 178 000 over three years
- Investment in infrastructure of R809 billion over the next three years
- Investment incentives for manufacturing, with special focus on job creation

TAX PROPOSALS

- Personal income tax relief of R8.1 billion
- Increase in the tax-free lump sum benefit upon retirement from R300 000 to R315 000
- A third rebate for individuals 75 years and older
- A packet of 20 cigarettes will cost 80 cents more
- A 750 ml bottle of liquor (spirits) will cost R2.73 more
- A litre of sparkling wine will cost 30 cents more
- A 340 ml can of beer will cost 1 cent more and a 340 ml can of cider will cost 6 cents more
- Taxation of gambling winnings above R50 000
- General fuel levy increase of 10c a litre, and 8c a litre more for the Road Accident Fund

TAX REVENUE



BUDGET AT A GLANCE

MACROECONOMIC OUTLOOK – SUMMARY, 2010 – 2013

	2010	2011	2012	2013
Real growth	Estimate	Forecast		
Household consumption	4.6%	4.2%	4.3%	4.5%
Capital formation	-3.6%	3.9%	5.5%	6.8%
Exports	5.3%	6.0%	6.4%	7.3%
Imports	10.4%	8.5%	7.0%	7.4%
Gross domestic product	2.7%	3.4%	4.1%	4.4%
Headline CPI inflation	4.3%	4.9%	5.2%	5.5%
Balance of payments current account (percentage of GDP)	-3.2%	-4.2%	-4.9%	-5.0%

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK, 2010/11 – 2013/14

	2010/11	2011/12	2012/13	2013/14
R million	Revised estimate	Medium-term estimates		
Revenue	755,023	824,466	908,714	1,017,187
<i>Percentage of GDP</i>	28.3%	28.3%	28.4%	28.8%
Expenditure	897,376	979,265	1,061,582	1,151,773
<i>Percentage of GDP</i>	33.6%	33.6%	33.2%	32.6%
Budget balance	-142,353	-154,799	-152,868	-134,586
<i>Percentage of GDP</i>	-5.3%	-5.3%	-4.8%	-3.8%
Gross domestic product	2,666,894	2,914,862	3,201,299	3,536,002

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 1 2010/11 – 2013/14

	2010/11	2011/12	2012/13	2013/14	Average annual growth 2010/11 – 2013/14
R million	Revised estimate	Medium-term estimates			
Education	172,713	189,523	201,349	215,121	7.6%
Health	102,522	112,575	120,641	127,394	7.5%
Social protection, recreation and culture	139,113	153,282	165,216	178,816	8.7%
Housing and community amenities	102,061	121,921	130,353	138,377	10.7%
Public order and safety	84,050	90,904	97,856	104,555	7.5%
Defence	33,958	38,436	41,352	43,895	8.9%
Economic affairs	140,319	130,538	140,144	149,194	2.1%
Environmental protection	4,745	6,019	5,740	6,159	9.1%
General public services	51,325	55,398	56,718	60,850	5.8%
Allocated expenditure	830,806	898,596	959,369	1,024,362	7.2%
Debt service cost	66,570	76,579	90,808	104,036	16.0%
Contingency reserve	-	4,090	11,405	23,375	
Total expenditure	897,376	979,265	1,061,582	1,151,773	8.7%

1. Includes national, provinces, social security funds and selected public entities.



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA