

2016 BUDGET HIGHLIGHTS

National Treasury: Tel, (012) 315 5757
www.treasury.gov.za



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

BUDGET FRAMEWORK

- The budget deficit will fall from 3.2 per cent in 2016/17 to 2.8 per cent in 2017/18 and 2.4 per cent the following year.
- Debt stock as percentage of GDP will stabilise at 46.2 per cent in 2017/18.
- Government will lower the expenditure ceiling by R10 billion in 2017/18 and R15 billion in 2018/19 by reducing public-sector compensation budgets.
- An additional R18.1 billion of tax revenue will be raised in 2016/17, with an additional R15 billion in each of the subsequent two years.
- Government has responded to new spending needs without compromising expenditure limits. An amount of R31.8 billion has been reprioritised over the MTEF period to support higher education, the New Development Bank and other priorities.

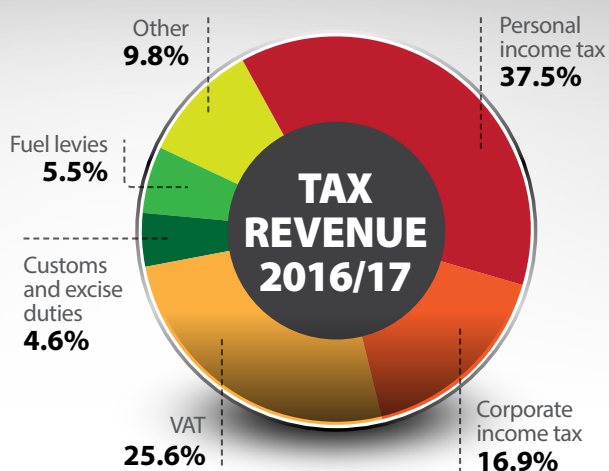
SPENDING PROGRAMMES

Over the next three years, government will spend:

- R457.5 billion on social grants.
- R93.1 billion on transfers to universities, while the National Student Financial Aid Scheme receives R41.2 billion.
- R707.4 billion on basic education, including R45.9 billion for subsidies to schools, R38.3 billion for infrastructure, and R14.9 billion for learner and teacher support materials.
- R108.3 billion for public housing.
- R102 billion on water resources and bulk infrastructure.
- R171.3 billion on transfers of the local government equitable share to support the expansion of access of poor households to free basic services.
- R30.3 billion to strengthen and improve the national non-toll road network.
- R13.5 billion to Metrorail and Shosholoza Meyl to subsidise passenger trips and long-distance passengers.
- R10.2 billion for manufacturing development incentives.
- R4.5 billion for NHI pilot districts.

TAX PROPOSALS

- An amount of R9.5 billion will be raised through increases in excise duties, the general fuel levy and environmental taxes.
- Limited fiscal drag relief of R5.5 billion will be implemented for individuals, focusing on lower- and middle-income earners.
- Adjustments to capital gains tax and transfer duty raise R2 billion.
- Government proposes to introduce a sugar tax on 1 April 2017 to help reduce excessive sugar intake.
- A tyre levy will be implemented, effective 1 October 2016.



BUDGET AT A GLANCE

MACROECONOMIC OUTLOOK – SUMMARY

Percentage Change	2015	2016	2017	2018
	Estimate	Forecast		
Household consumption	1.4	0.7	1.6	2.2
Gross fixed-capital formation	1.1	0.3	1.4	2.7
Exports	9.5	3.0	4.6	5.2
Imports	5.3	3.7	4.5	4.9
Gross domestic product	1.3	0.9	1.7	2.4
CPI Inflation	4.6	6.8	6.3	5.9
Balance of payments current account (percentage of GDP)	-4.1	-4.0	-3.9	-3.9

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2015/16	2016/17	2017/18	2018/19
	Revised estimate	Medium-term estimates		
Revenue	1 223.1	1 324.3	1 436.7	1 571.6
Percentage of GDP	30.0%	30.2%	30.2%	30.4%
Expenditure	1 380.9	1 463.3	1 572.1	1 695.2
Percentage of GDP	33.9%	33.3%	33.1%	32.8%
Budget balance	-157.9	-139.0	-135.3	-123.6
Percentage of GDP	-3.9%	-3.2%	-2.8%	-2.4%
Gross domestic product	4 073.2	4 388.4	4 750.7	5 161.3

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 2015/16 – 2018/19

	2015/16	2016/17	2017/18	2018/19	2015/16–2018/19
R billion	Revised estimate	Medium-term estimates			Average annual growth
Basic education	213.7	228.8	245.4	265.0	7.4%
Health	159.4	168.4	183.6	198.6	7.6%
Defence, public order and safety	171.5	181.5	192.4	203.6	5.9%
Post-school education and training	64.2	68.7	74.7	80.5	7.9%
Economic affairs and agriculture	213.0	238.4	245.7	260.2	6.9%
Human settlements and municipal infrastructure	178.2	182.6	199.8	216.2	6.7%
General public services	97.5	73.7	77.8	82.6	-5.4%
Social protection	154.4	167.5	180.6	194.9	8.1%
Allocated expenditure	1 251.8	1 309.6	1 400.1	1 501.7	6.3%
Debt-service costs	129.1	147.7	161.9	178.6	11.4%
Contingency reserve		6.0	10.0	15.0	
Consolidated expenditure	1 380.9	1 463.3	1 572.1	1 695.2	7.1%

BUDGET 2016/17

CONSOLIDATED GOVERNMENT EXPENDITURE

R1.46 TRILLION

SOCIAL SERVICES

R816 BILLION

ECONOMIC AFFAIRS & AGRICULTURE

R238.4bn

Economic infrastructure and network regulation **R87.1bn**

Employment, labour affairs and social security funds **R73.1bn**

Industrial development and trade **R31.8bn**

Agriculture, rural development and land reform **R26.4bn**

Science, technology, innovation and the environment **R19.9bn**

EDUCATION

R297.5bn

Basic education **R205.8bn**

University subsidies **R28.0bn**

National Student Financial Aid Scheme **R14.3bn**

Skills development levy institutions **R15.9bn**

Education administration **R14.6bn**

Technical and vocational education and training **R6.9bn**

DEFENCE & PUBLIC SAFETY

R181.5bn

Police services **R87.5bn**

Defence and state security **R52.3bn**

Law courts and prisons **R41.7bn**

HEALTH

R168.4bn

District health services **R75.0bn**

Central hospital services **R32.4bn**

Provincial hospital services **R29.4bn**

Other health services **R23.3bn**

Facilities management and maintenance **R8.3bn**

GENERAL ADMIN

R73.7bn

General public administration and fiscal affairs **R41.6bn**

Executive and legislative organs **R13.4bn**

External affairs and foreign aid **R11.3bn**

Home affairs **R7.4bn**

LOCAL DEVELOPMENT & INFRA-STRUCTURE

R182.6bn

Municipal equitable share and infrastructure grant **R67.5bn**

Human settlements, water and electrification programmes **R52.1bn**

Public transport **R40.7bn**

Other human settlements and municipal infrastructure **R22.3bn**

DEBT-SERVICE COSTS

R147.7bn

SOCIAL PROTECTION

R167.5bn

Old-age grant **R58.9bn**

Child-support grant **R52.0bn**

Disability grant **R20.4bn**

Provincial social development **R17.7bn**

Policy oversight and grant administration **R9.3bn**

Other grants **R9.2bn**