

2017 BUDGET HIGHLIGHTS

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BUDGET FRAMEWORK

- A budget deficit of 3.4 per cent of GDP is expected for 2016/17, narrowing to 2.6 per cent in 2019/20.
- Debt stock as a percentage of GDP is expected to stabilise at 48.2 per cent in 2020/21.
- The main budget non-interest expenditure ceiling has been lowered by R26 billion over the next two years.
- R28 billion in additional tax revenue will be raised in 2017/18. Measures to increase revenue by a proposed R15 billion in 2018/19 will be outlined in the 2018 Budget.
- R30 billion has been reprioritised through the budget process to ensure that core social expenditure is protected.
- Real growth in non-interest spending will average 1.9 per cent over the next three years. Apart from debt-service costs, post-school education is the fastest-growing category, followed by health and social protection.

MACROECONOMIC OUTLOOK – SUMMARY

Percentage change	2016	2017	2018	2019
	Estimate	Forecast		
Household consumption	0.9	1.3	2.0	2.3
Gross fixed capital formation	-3.6	1.5	1.6	2.8
Exports	-1.2	1.9	4.9	5.0
Imports	-3.6	2.0	4.3	4.9
Gross domestic product	0.5	1.3	2.0	2.2
CPI inflation	6.4	6.4	5.7	5.6
Balance of payments current account (percentage of GDP)	-4.0	-3.9	-3.7	-3.8

SPENDING PROGRAMMES

Over the next three years, government will spend:

- R490.4 billion on social grants.
- R105.9 billion on transfers to universities, while the National Student Financial Aid Scheme will spend R54.3 billion.
- R751.9 billion on basic education, including R48.3 billion for direct subsidies to schools, R42.9 billion for infrastructure, and R12.7 billion for learner and teacher support materials.
- R114.8 billion on subsidised public housing.
- R94.4 billion on water resources and bulk infrastructure.
- R189 billion on transfers of the local government equitable share to provide basic services to poor households.
- R142.6 billion to support affordable public transport.
- R606 billion on health, with R59.5 billion on the HIV/AIDS conditional grant.

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

	2016/17	2017/18	2018/19	2019/20
R billion/percentage of GDP	Revised estimate	Medium-term estimates		
Revenue	1 297.3	1 414.1	1 535.2	1 668.5
Percentage of GDP	29.4%	29.8%	29.9%	30.1%
Expenditure	1 445.2	1 563.1	1 677.1	1 814.3
Percentage of GDP	32.8%	33.0%	32.7%	32.7%
Budget balance	-147.9	-149.0	-141.9	-145.8
Percentage of GDP	-3.4%	-3.1%	-2.8%	-2.6%
Gross domestic product	4 409.8	4 741.2	5 129.2	5 545.5

TAX PROPOSALS

In 2017/18:

- A new top marginal income tax bracket for individuals combined with partial relief for bracket creep will raise an additional R16.5 billion.
- R6.8 billion will be collected through a higher dividend withholding tax rate. Increases in fuel taxes and alcohol and tobacco excise duties will together increase revenue by R5.1 billion.
- As soon as the necessary legislation is approved, government will implement a tax on sugary beverages.
- A revised Carbon Tax Bill will be published for public consultation and tabling in Parliament by mid-2017.

TAX REVENUE 2017/18

R482.1 bn	Personal income tax
R312.8 bn	VAT
R218.7 bn	Corporate income tax
R96.1 bn	Customs and excise duties
R70.9 bn	Fuel levies
R84.9 bn	Other

CONSOLIDATED GOVERNMENT EXPENDITURE, 2016/17 – 2019/20

	2016/17	2017/18	2018/19	2019/20	2016/17–2019/20
R billion	Revised estimate	Medium-term estimates			Average annual growth
Basic education	226.6	243.0	261.3	280.1	7.3%
Health	170.9	187.5	201.4	217.1	8.3%
Defence, public order and safety	190.0	198.7	210.8	225.0	5.8%
Post-school education and training	69.0	77.5	80.9	89.8	9.2%
Economic affairs and agriculture	227.7	241.6	255.9	273.8	6.3%
Human settlements and municipal infrastructure	179.8	195.8	210.2	226.4	8.0%
General public services	70.0	70.7	72.5	75.6	2.6%
Social protection	164.9	180.0	193.5	209.1	8.2%
Allocated expenditure	1 298.9	1 394.8	1 486.4	1 597.0	7.1%
Debt-service costs	146.3	162.4	180.7	197.3	10.5%
Contingency reserve	–	6.0	10.0	20.0	
Consolidated expenditure	1 445.2	1 563.1	1 677.1	1 814.3	7.9%

BUDGET 2017/18 EXPENDITURE

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CONSOLIDATED GOVERNMENT EXPENDITURE

R1.56 TRILLION



R884 BILLION

SOCIAL SERVICES



ECONOMIC AFFAIRS & AGRICULTURE R241.6bn

Economic infrastructure and network regulation	R89.5bn
Employment, labour affairs and social security funds	R75.9bn
Industrial development and trade	R28.9bn
Agriculture, rural development and land reform	R26.5bn
Science, technology, innovation and the environment	R20.6bn



DEFENCE & PUBLIC SAFETY R198.7bn

Police services	R93.8bn
Defence and state security	R54.0bn
Law courts and prisons	R43.8bn
Home affairs	R7.2bn



GENERAL ADMIN R70.7bn

General public administration and fiscal affairs	R43.9bn
Executive and legislative organs	R14.3bn
External affairs and foreign aid	R12.4bn



DEBT-SERVICE COSTS R162.4bn



EDUCATION R320.5bn

Basic education	R216.7bn
University subsidies	R31.6bn
Skills development levy institutions	R21.1bn
Education administration	R15.8bn
National Student Financial Aid Scheme	R15.3bn
Technical and vocational education and training	R7.4bn



HEALTH R187.5bn

District health services	R83.6bn
Central hospital services	R35.9bn
Provincial hospital services	R32.3bn
Other health services	R25.8bn
Facilities management and maintenance	R9.9bn



LOCAL DEVELOP- MENT AND INFRASTRUCTURE R195.8bn

Municipal equitable share and infrastructure grant	R72.9bn
Human settlements, water and electrification programmes	R52.8bn
Public transport	R44.1bn
Other human settlements and municipal infrastructure	R26.0bn



SOCIAL PROTECTION R180.0bn

Old-age grant	R64.5bn
Child-support grant	R56.3bn
Disability grant	R21.2bn
Provincial social development	R19.2bn
Other grants	R10.7bn
Policy oversight and grant administration	R8.3bn