

WHAT IS THE BUDGET?

In February of each year, the Finance Minister tables the national budget, whereby he announces government's spending, tax and borrowing plans for the next three years. The national budget divides money between national departments, provinces and municipalities.

BUDGET FOCUSES ON ECONOMIC GROWTH



The 2014 Budget focuses on interventions that are aimed at placing the economy on a new growth trajectory.

Government's primary goal, as expressed in the National Development Plan (NDP), is to raise real economic growth to between 5 and 6 per cent per year. This higher level of economic growth would boost revenue and enable government to increase the amount of money it spends on improving people's lives by dealing with unemployment, poverty and inequality.

The economy grew at an estimated 1.8 per cent in 2013. Domestic conditions, combined with a slow recovery in the global economy, led to a moderation in output and employment growth. The economy is expected to grow by 2.7 per cent in 2014 and reach 3.5 per cent in 2016.

Several factors will support this expected improvement. Public investment in infrastructure – expected at R847.3 billion over the next 3 years - should reduce bottlenecks in electricity and

transport and encourage private investment, while stronger employment growth will support household spending. South Africa

should also benefit from the improved export opportunities presented by a stronger global outlook.

WHAT THE BUDGET DOES FOR YOU

● INDUSTRY SUPPORT

R10.3 billion will go towards manufacturing development incentives; R15.2 billion for the economic competitiveness and support package for businesses; R3.6 billion for job creation at special economic zones.

● JOB CREATION

Over the next 5 years, government aims to create 6 million jobs through the Expanded Public Works Programme, from 4 million compared to the previous 5 years.

● FIGHTING CORRUPTION

Work by the Chief Procurement Officer to reform the procurement system and ensure that money is spent prudently has begun in earnest. These efforts are aimed at reducing corruption.

● AGRICULTURE SUPPORT

The Agricultural Policy Action Plan will support the NDP's target of creating jobs in the agricultural sector. Government will spend over R7 billion on grants to provinces to support about 435 000 subsistence and 54 500 small farmers.

● EDUCATION & TRAINING

Spending on education is higher than any other category. Over the next 3 years, R78 billion will go towards university subsidies and R34.3 billion for building schools.

● INFRASTRUCTURE

Government is committed to investing in infrastructure that improves lives. In 2014, for example, R11 billion will go to the PRASA for new rolling stocks and upgrade of signalling infrastructure.

“THE STRONG GROWTH EXPECTED IN SUB-SAHARA AFRICA WILL HELP IMPROVE SOUTH AFRICA'S ECONOMIC PROSPECTS OVER THE NEXT THREE YEARS”

The building of new infrastructure and upgrading of the existing stock - including the expansion of electricity supply, investment in integrated public transport networks and the rehabilitation of the country's five large water transfer schemes - is at the centre of government's plan.

South Africa will also draw strength from the rapid expansion of trade and investment on the African continent. The strong growth expected in sub-Saharan Africa will help improve South Africa's economic prospects over the next three years. Government will therefore, increasingly align its policies to support economic integration with the African continent.



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