

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.



1. Minister's message
2. Boosting investment and creating jobs
3. How well are municipalities spending money



1. Support for farmers
2. Providing social support to the poor
3. Where does the Budget money come from and how will it be spent in 2017/18?



1. Personal income tax changes
2. New tax rates
3. Increase in general fuel levy
4. Rise in tobacco and alcohol duties



HOW IS THE BUDGET PUT TOGETHER?

- ① Departmental guideline is issued indicating budget information required
- ② Departments prioritise their programmes, compile spending plans and service delivery commitments
- ③ Budget proposals are submitted to treasury and deliberated on
- ④ Interdepartmental committees of Directors-General consider allocation proposals
- ⑤ They make recommendations to Ministers' Committee on the Budget

- ⑥ Medium Term Budget Policy Statement signals the upcoming Budget
- ⑦ Finally allocations are decided in Cabinet
- ⑧ Budget documents are prepared
- ⑨ Main Budget is tabled
- ⑩ Parliament deliberates and adopts a Budget
- ⑪ Sent to the President for signing into Law



RADICAL ECONOMIC TRANSFORMATION FOR INCLUSIVE GROWTH

Government has a plan for a stronger economy and a budget that can grow and deliver to citizens over the long term. The 2017 Budget aims to slow down the increase in government debt, by borrowing less. It also aims to improve the quality of spending and ensure that service delivery is not compromised.

The economy is expected to improve over the next three years. Economic growth was only 0.5 per cent in 2016, but is expected to be 1.3 per cent in 2017, and rise to 2.2 per cent by 2019. This pace of economic growth is welcome, but is still too slow to address unemployment and poverty. Slow growth also means that government will have less tax revenues. The budget reduces spending in 2017/18 by R10 billion and by R16 billion in 2018/19. These reductions will not affect core social and economic programmes.

For government to sustain service

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delivery and maintain strong public finances, it will have to do more with less, by improving the quality of spending. Action needs to be taken to eliminate wasteful spending and combat corruption, and South African citizens are needed to help government achieve this.

Government will also need to find ways to increase tax revenues. In this budget, government has had to raise taxes by R28 billion. Most of the tax increases will fall on the wealthiest citizens. People earning more than R1.5 million per annum will now have to pay 45 per cent taxes on this income. The budget also proposes to increase the

tax on dividends paid out to owners of companies. However, while the most affluent will pay the largest share of the increase, all South Africans contribute to tax and we will all need to share the burden.

The alternative to raising taxes is faster economic growth. This will require economic transformation. Government's objective is to transform the economy, not simply transfer ownership or hand out tenders. Transformation must aim to build a new economic momentum, mobilise new investments, create new jobs and create new resources to support social change.

Government is committed to implementing its plans for boosting economic growth, working together with business, labour and all citizens. Initiatives include:

- Improving support for small businesses,
- Increased electricity supply, investment and employment through the independent power producers (IPP) programme,
- Revised rules for government procurement to increase business and job opportunities for black people and women,
- Improving the reliability of public transport services; including Metrorail and the bus rapid transit systems.

Citizens can help by holding their leaders accountable and calling out corruption, waste of public resources and maladministration. Together we can unite South Africa, transform the economy to benefit all and build a better tomorrow ■