

People's Guide #RSABUDGET2019

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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.

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. Allocation proposals are considered by Interdepartmental committees of Directors-General
5. Budget recommendations are made to Ministers' Committee
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

CONFRONTING OUR CHALLENGES AND REBUILDING CONFIDENCE

Government is acting to turn the economy around and make the public finances more sustainable over the long term. Reforms are under way to increase investment and growth in mining, tourism and telecommunications.

New partnerships with the private sector have led to major investment commitments. Building on these steps, the 2019 Budget sets out broad measures to boost confidence, promote economic growth and stabilise public debt.

- Government has started reforms at state-owned companies like Eskom to strengthen governance and operations. The reforms at Eskom aim at improving electricity

The 2019 Budget continues to prioritise learning and culture, social development, health and community development

supply, which will in turn support investment and growth.

- Efforts to rebuild the South African Revenue Service (SARS) are under way, including the announcement of a new commissioner. Reforming SARS is crucial since it is trusted with collecting taxes on behalf of government.

- Government has committed to partnering with the private sector and development finance institutions to reduce costs and improve the quality of social and economic infrastructure.

The 2019 Budget continues to prioritise learning and culture, social development, health and community development. Funding has been set aside for public transport, school infrastructure, and the revitalisation of townships and industrial parks.

Since the 2018 MTBPS, economic growth has been revised down from 1.7 per cent to 1.5 per cent. Growth is now expected to increase to 2.1 per cent in 2021. In light of the weak economic environment and the large support required by Eskom, the 2019

Budget proposes additional fiscal measures to stabilise debt. Eskom is under severe financial stress, and will require support of R23 billion per year over the medium term. To offset these costs, other baselines will be reduced by an amount of R50.3 billion over the next three years, mainly from compensation spending. An additional R25 billion will be raised through taxes over the next two years.

Despite these measures, government still need to borrow R243 billion in 2019/20, R253 billion in 2020/21 and R252 billion in 2021/22. Gross debt stabilises at 60.2 per cent of GDP, slightly above the MTBPS estimates. Government is committed to careful management of debt in an environment of great uncertainty ■