

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.



CHALLENGING TIMES, RESPONSIBLE CHOICES

A budget represents how a government responds to its society's aspirations. The 2015 Budget is one that reaffirms government's commitment to improving the lives of the poor, even as the resources are under pressure.

Since 2009, South Africa, like many other countries, experienced a difficult period of low economic growth and increasing government debt. Our country needs economic growth of around 5 per cent a year to reduce unemployment and poverty. For now, that target has been difficult to reach partly due to a weak global environment. On the home front, challenges such as the shortage of electricity,

skills shortage and strikes have constrained growth. In 2015, the economy is expected to grow by 2 per cent, and remain weak, reaching 3 per cent in 2017. As a result of slow growth, resources will be limited and responsible choices will have to be made in allocating them. The 2015 Budget is a reflection of such choices.

Government spending, excluding the amount it pays for servicing debt, will increase from R1.12 trillion in 2014/15 to R1.41 trillion in 2017/18. Government will maintain the strong growth in critical areas of social spending. For example, post-school education will remain one of the fastest growing area of expenditure - growing at a

rate of 7.1 per cent per year - because education is central to government's plan of improving people's lives. Allocations to the National Student Financial Aid Scheme will reach R6.9 billion by 2017/18.

At the centre of government's development plan is the provision of economic infrastructure to support growth. Government will spend R813.1 billion on infrastructure over the next three years. R669 billion of this will be on critical projects in transport, energy and logistics. Social infrastructure is also important because it contributes to the eradication of poverty and improvement in the quality of life. Government has 50 large health

infrastructure projects and has budgeted R9.3 billion for these over the next three years.

In recognition of the limited amount of revenue raised by government, steps have been taken to reduce wasteful expenditure and improve efficiencies. This includes reducing the amount of money spent on non-essential items in order to avail more resources to critical areas.

The 2015 Budget promotes spending that is accountable, transparent and responsive to the needs of the people, thus keeping the country on a path that allows it to expand on its successes of the past 21 years.



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RSA BUDGET