



# South Africa's National Budget 2019

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STANLIB



# 5 IMMEDIATE ECONOMIC CHALLENGES FACING THE COUNTRY

- 1 Lift business confidence
- 2 Restore fiscal discipline
- 3 Reform SOEs
- 4 Clarify transformation policies
- 5 Dramatically reduce corruption



# 2

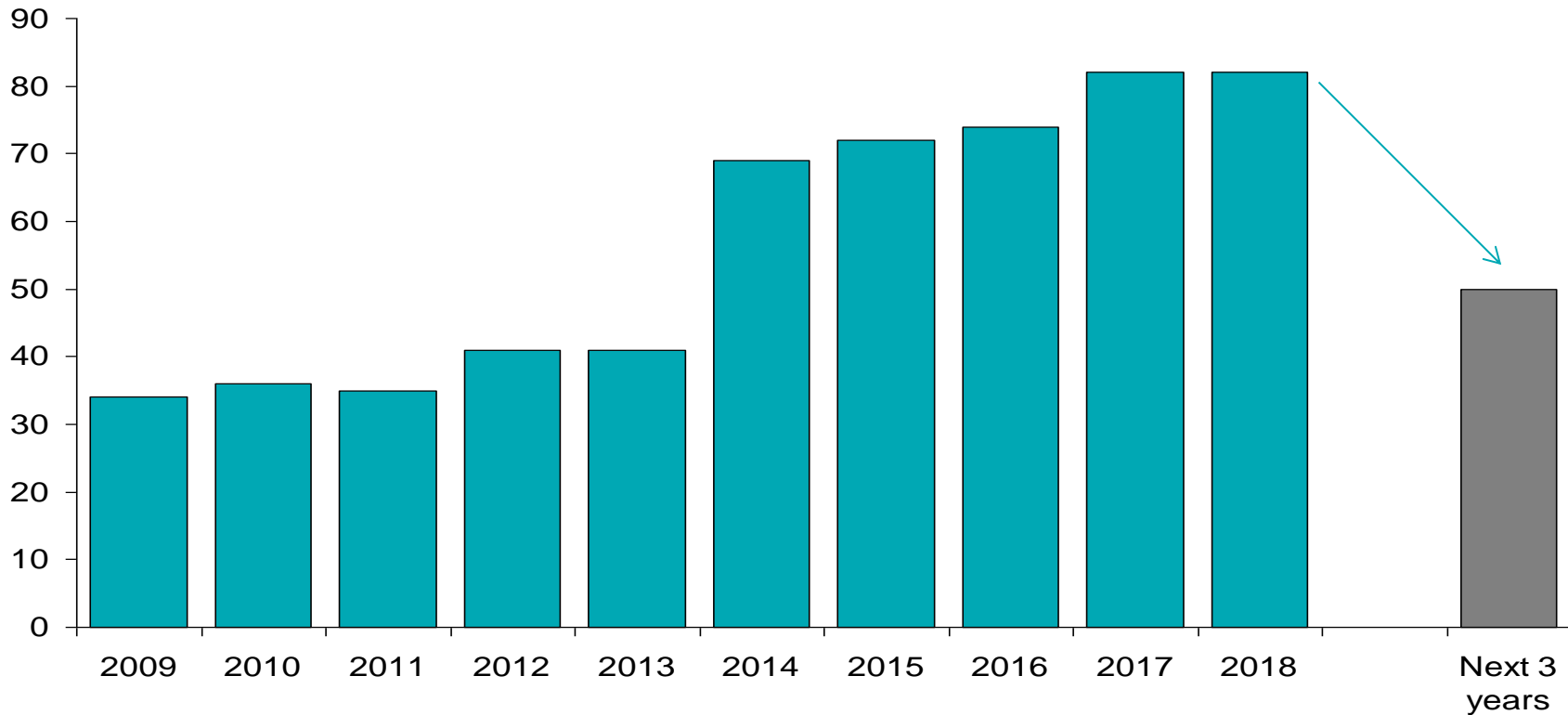
## MAJOR STRUCTURAL CHALLENGES FACING THE COUNTRY

- 1 Poor education outcome
- 2 High unemployment rates



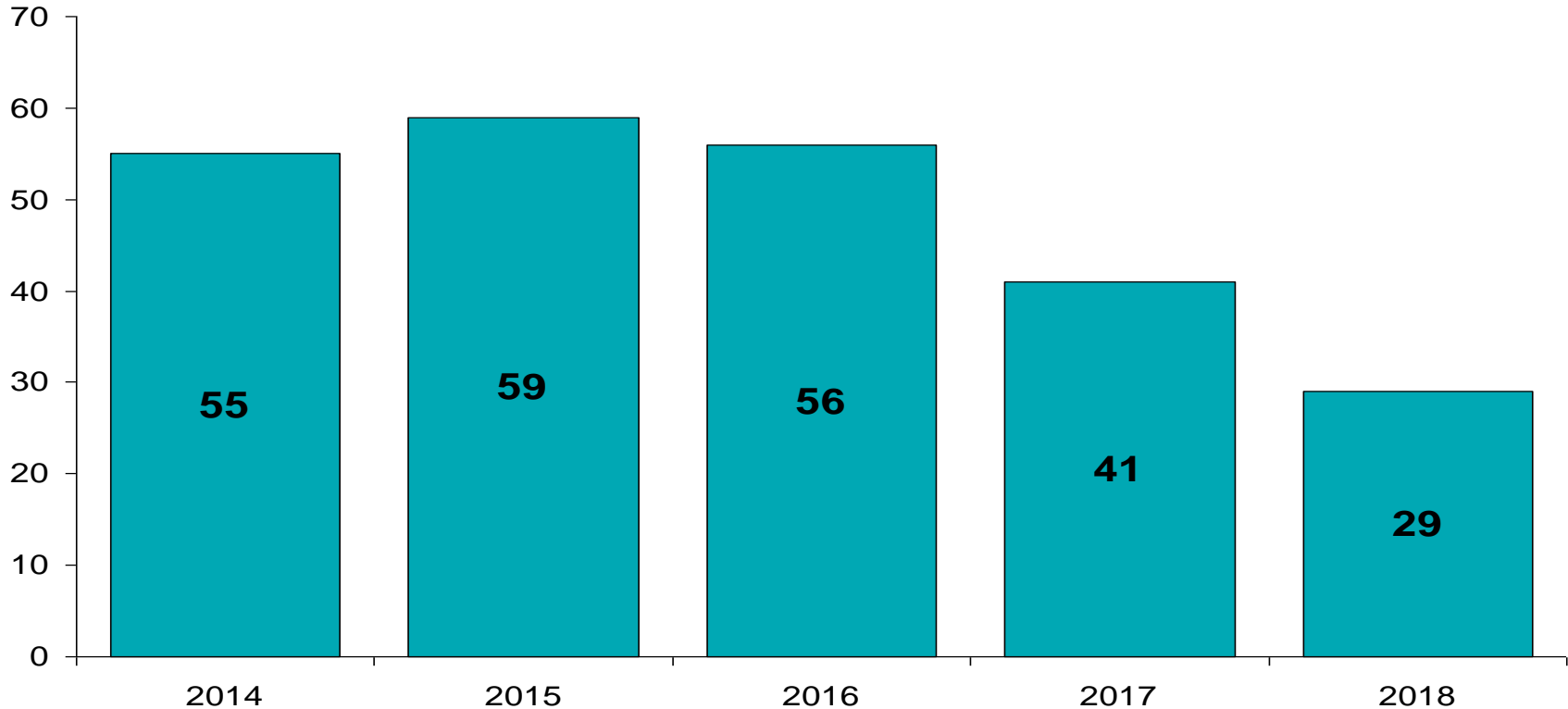
# South Africa global ranking: ease of doing business

Ranking out of 189 countries



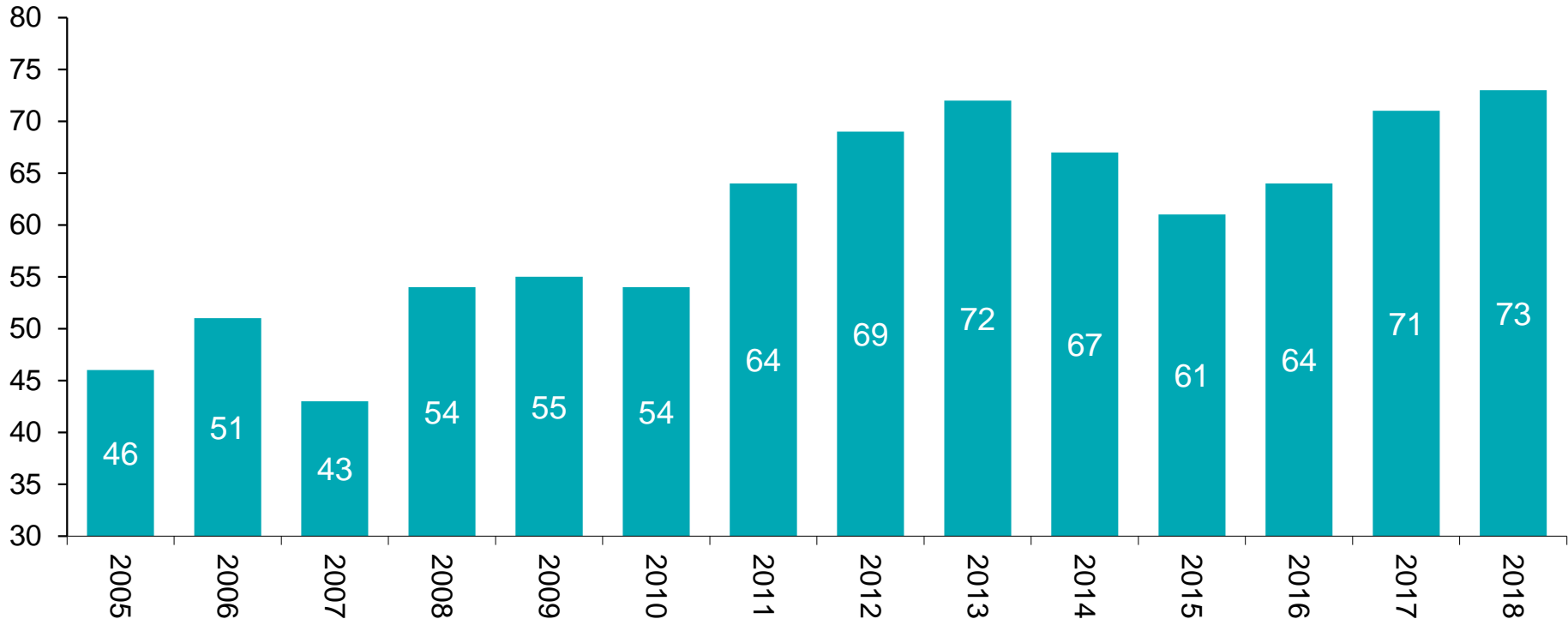
# Rwanda global ranking: ease of doing business

Ranking out of 189 countries



# World corruption perception index: South Africa

World ranking



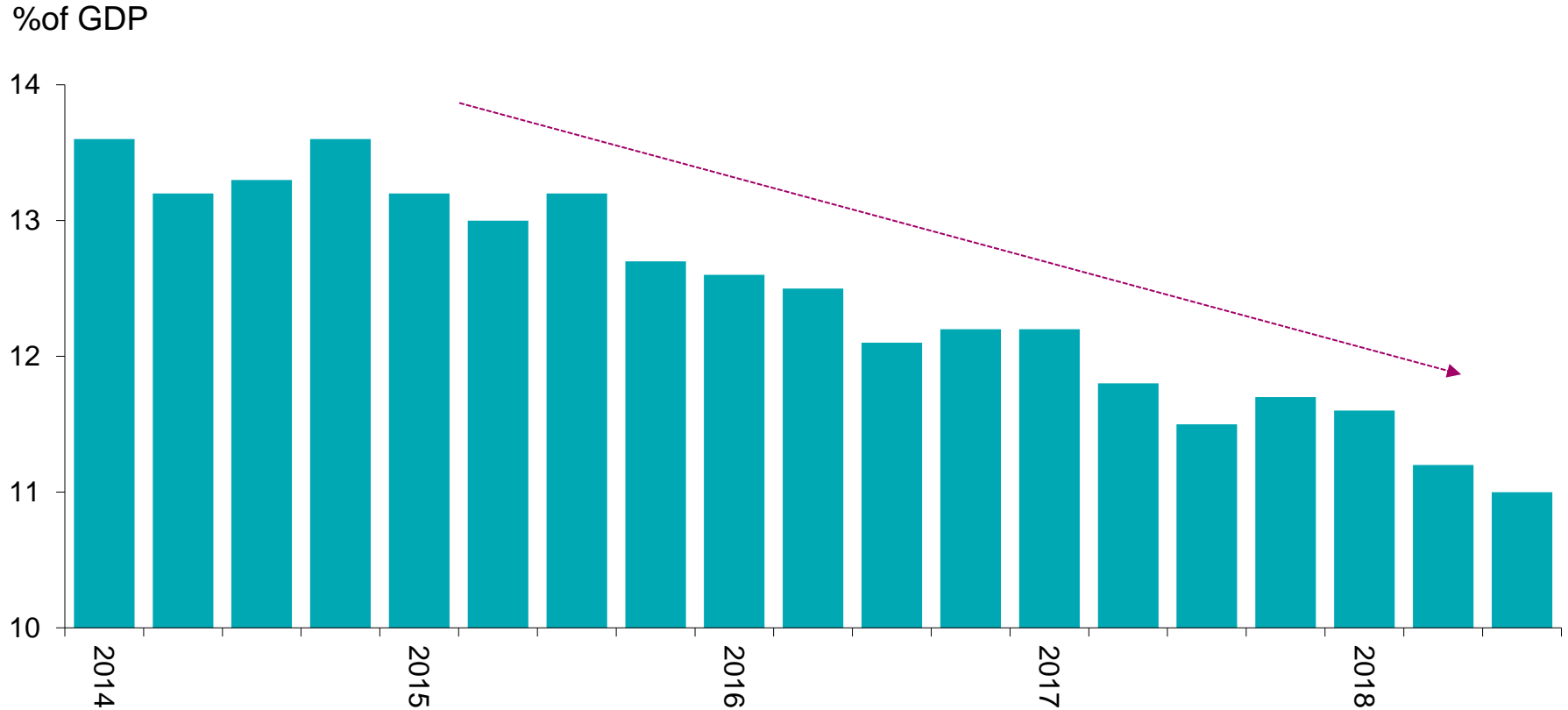
# SA business confidence (BER)

Index

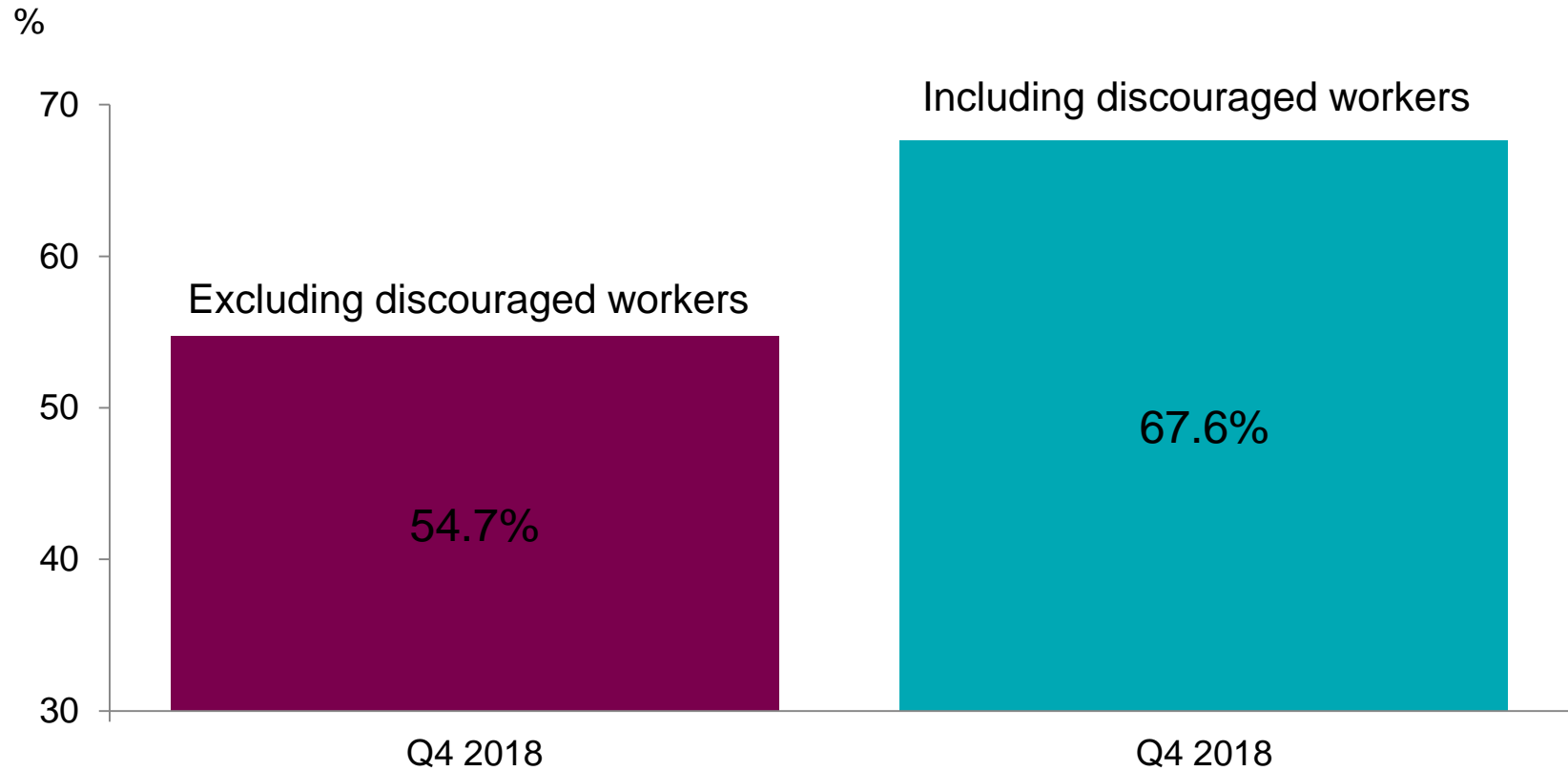




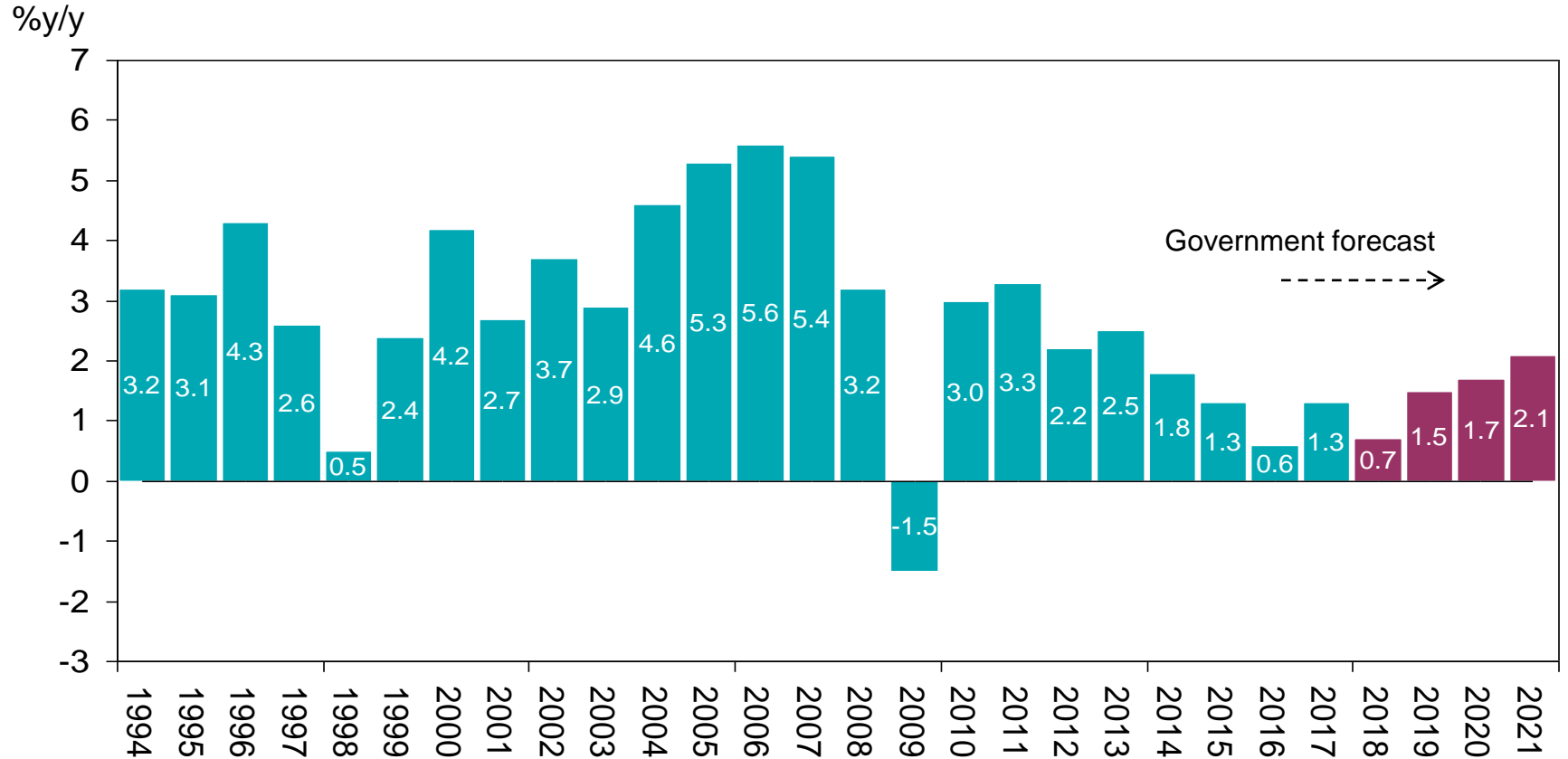
# Private sector fixed investment as % of GDP



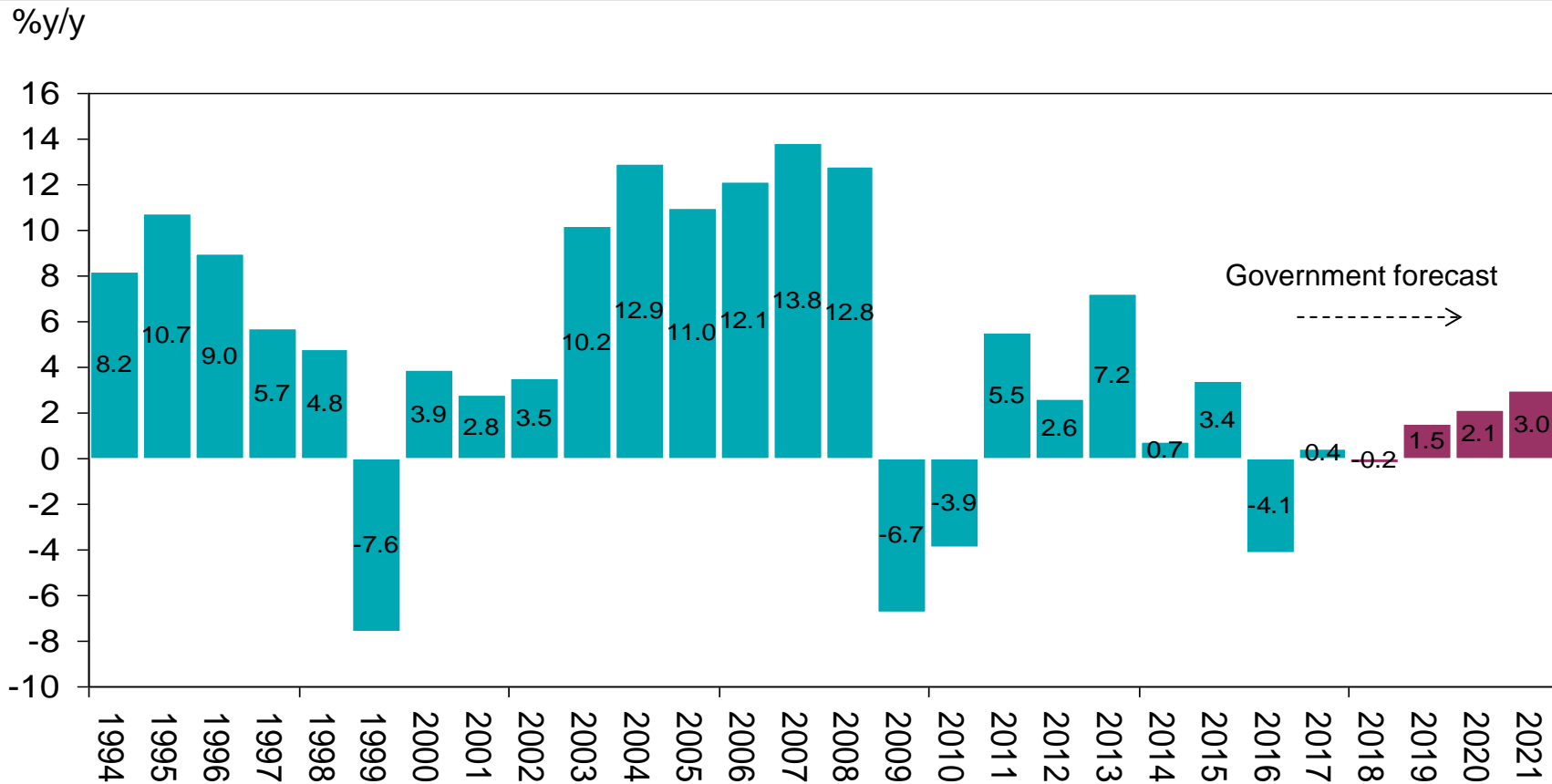
# South Africa youth unemployment rate



# SA GDP annual growth rate (government estimate)

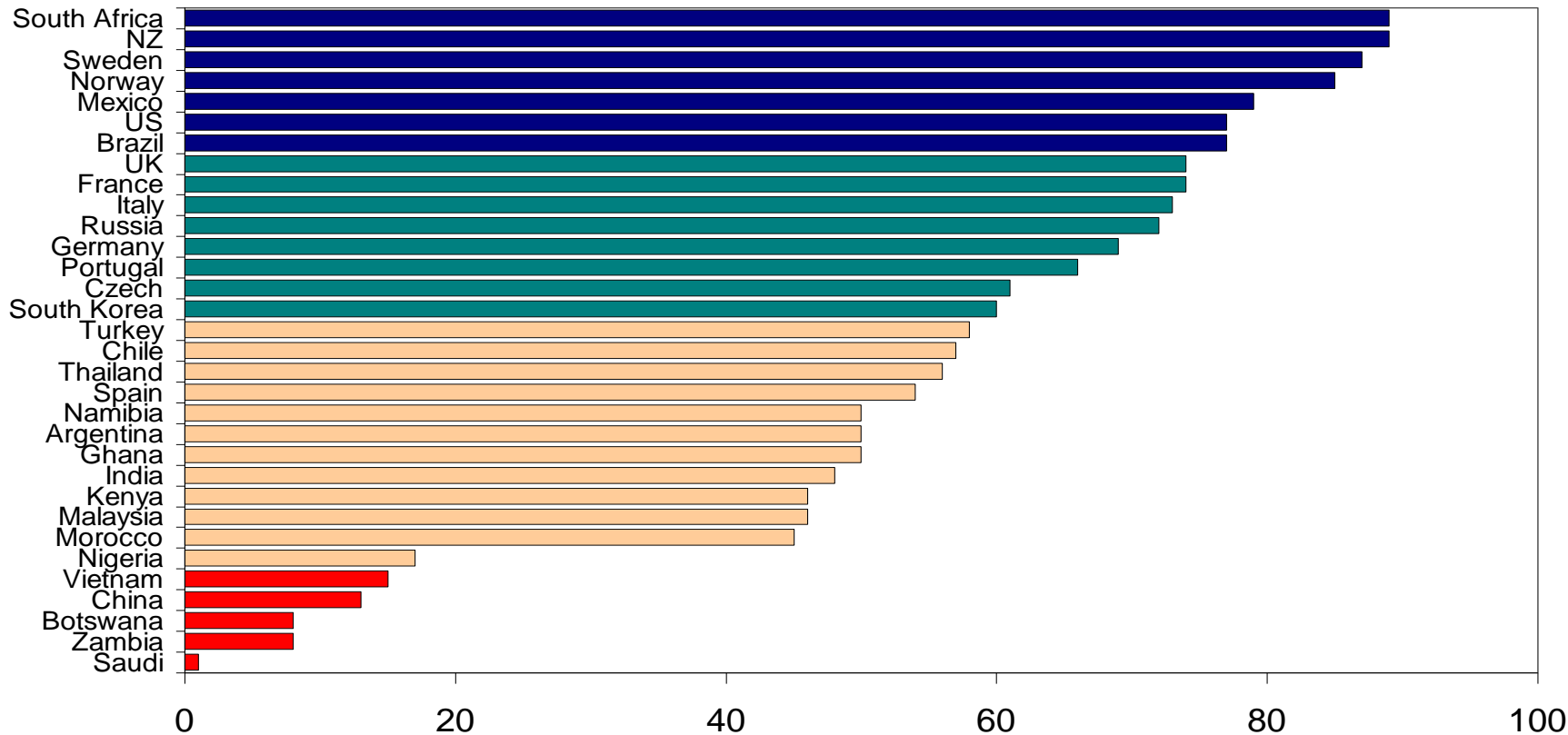


# SA growth in fixed investment (government estimate)



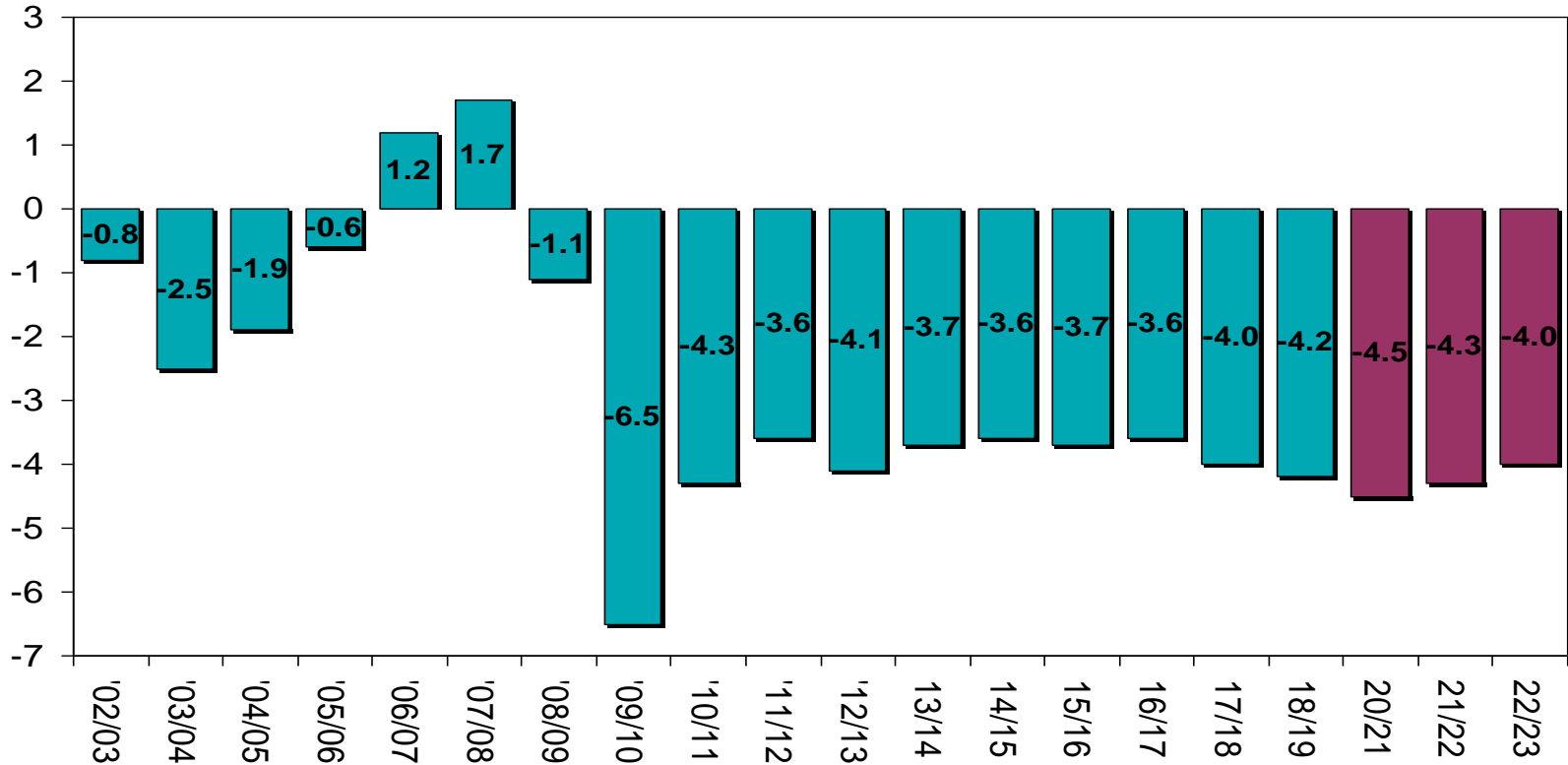
# Open budget index 2017

Index out of 100



# SA budget deficit as % of GDP

% Fiscal years



# SA primary budget balance as % of GDP

% Fiscal years

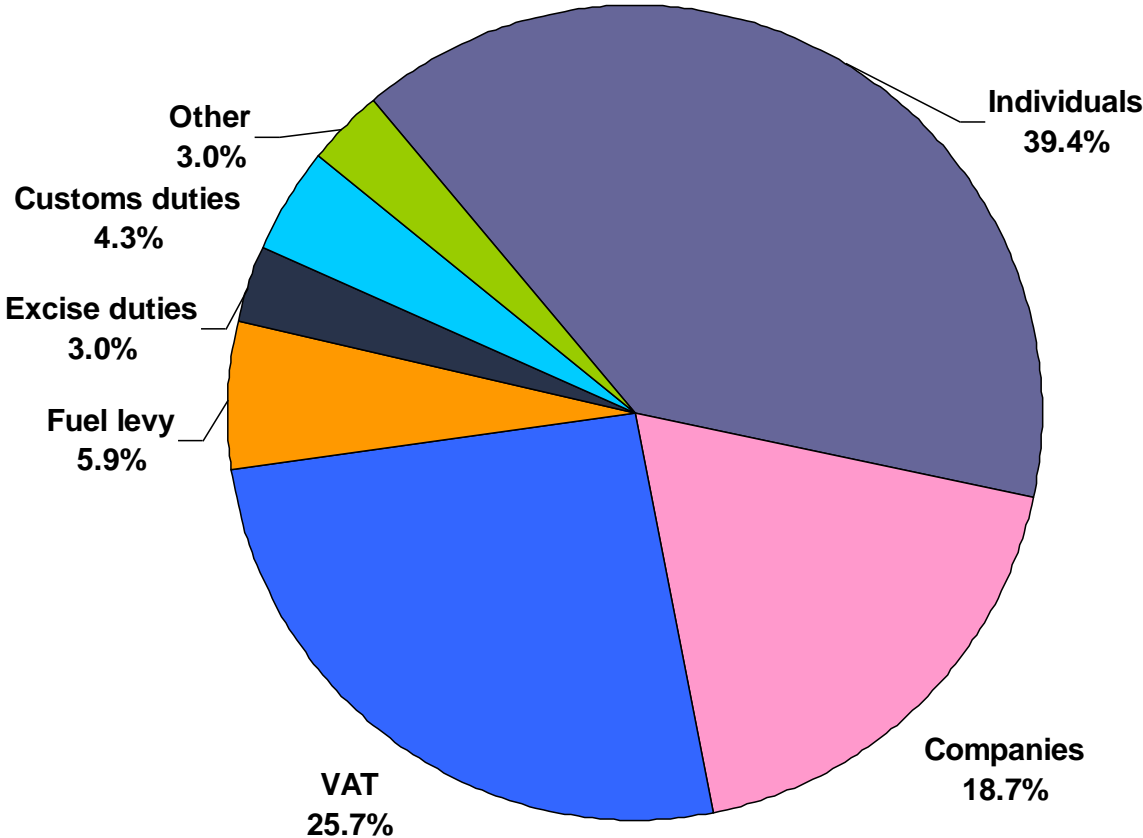


# SA Rand/Dollar during the budget speech



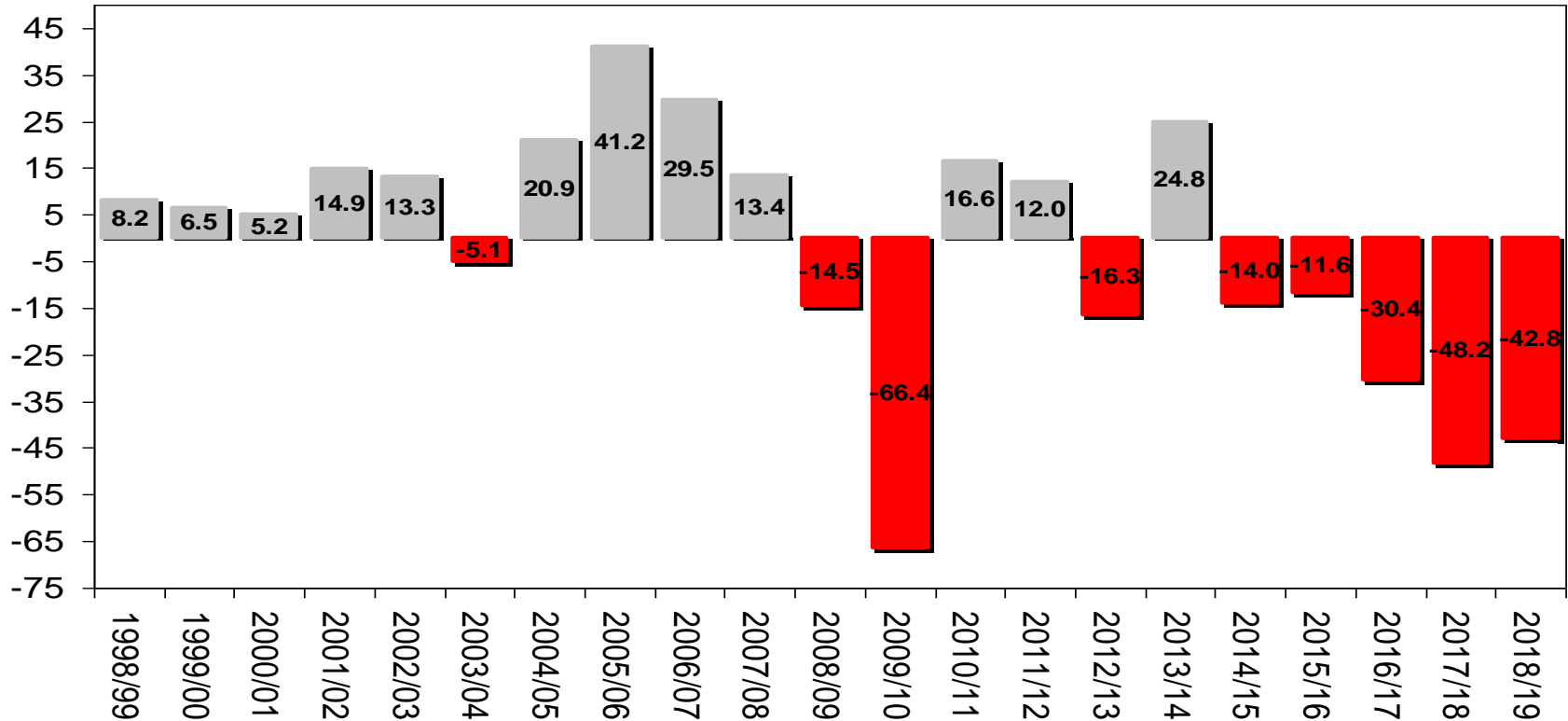


# Breakdown of SA tax revenue (2019/2020)



# SA budget revenue over-runs/under-collection

Rbn, relative to the original budget and not the MTBPS

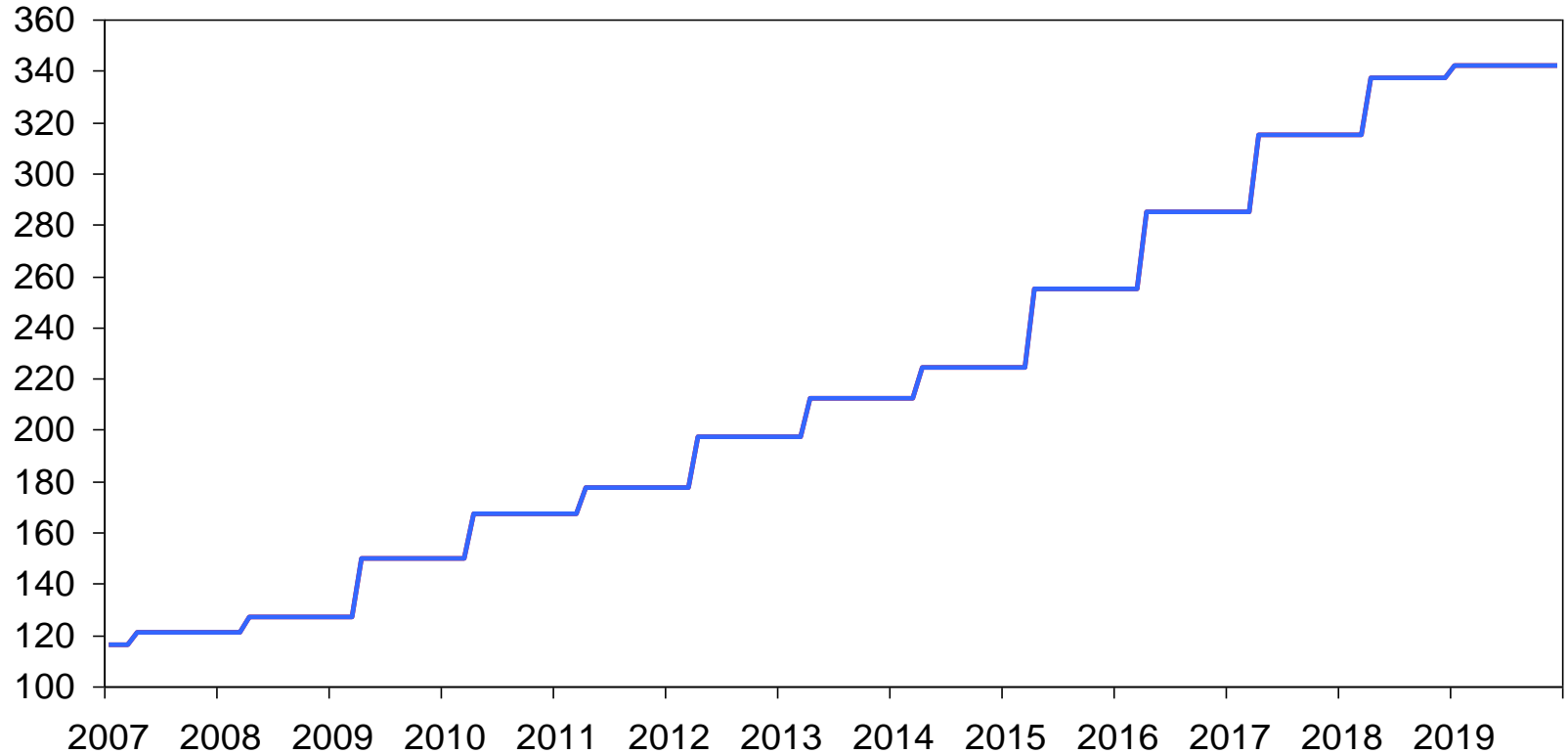


# SA main tax proposals 2019/2020 (+R15 billion)

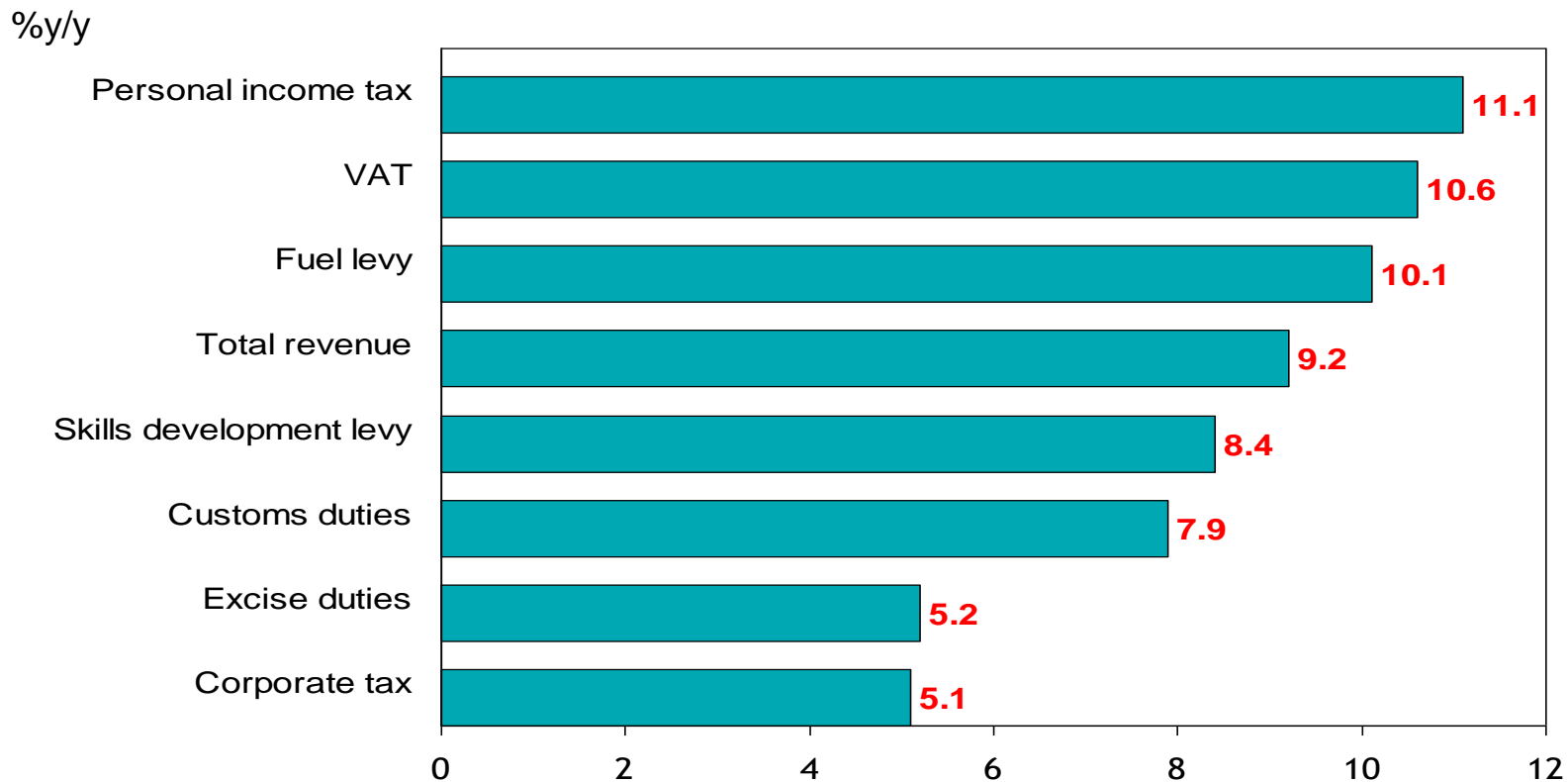
	Additions Rm	Subtractions Rm
<b>Personal income tax</b>	<b>13 800</b>	
Fiscal drag: revenue from not fully adjusting for inflation	12 800	
Medical tax credit adjustment	1 000	
<b>Indirect taxes</b>	<b>1 200</b>	
Increase in general fuel levy		-500
Introduction of carbon tax on fuel	1 800	
Increase in excise duties	1 000	
Additional VAT zero rate items		-1 100
<b>GAIN ON TAX PROPOSALS</b>	<b>15 000</b>	

# South Africa's fuel levy

Cents per litre

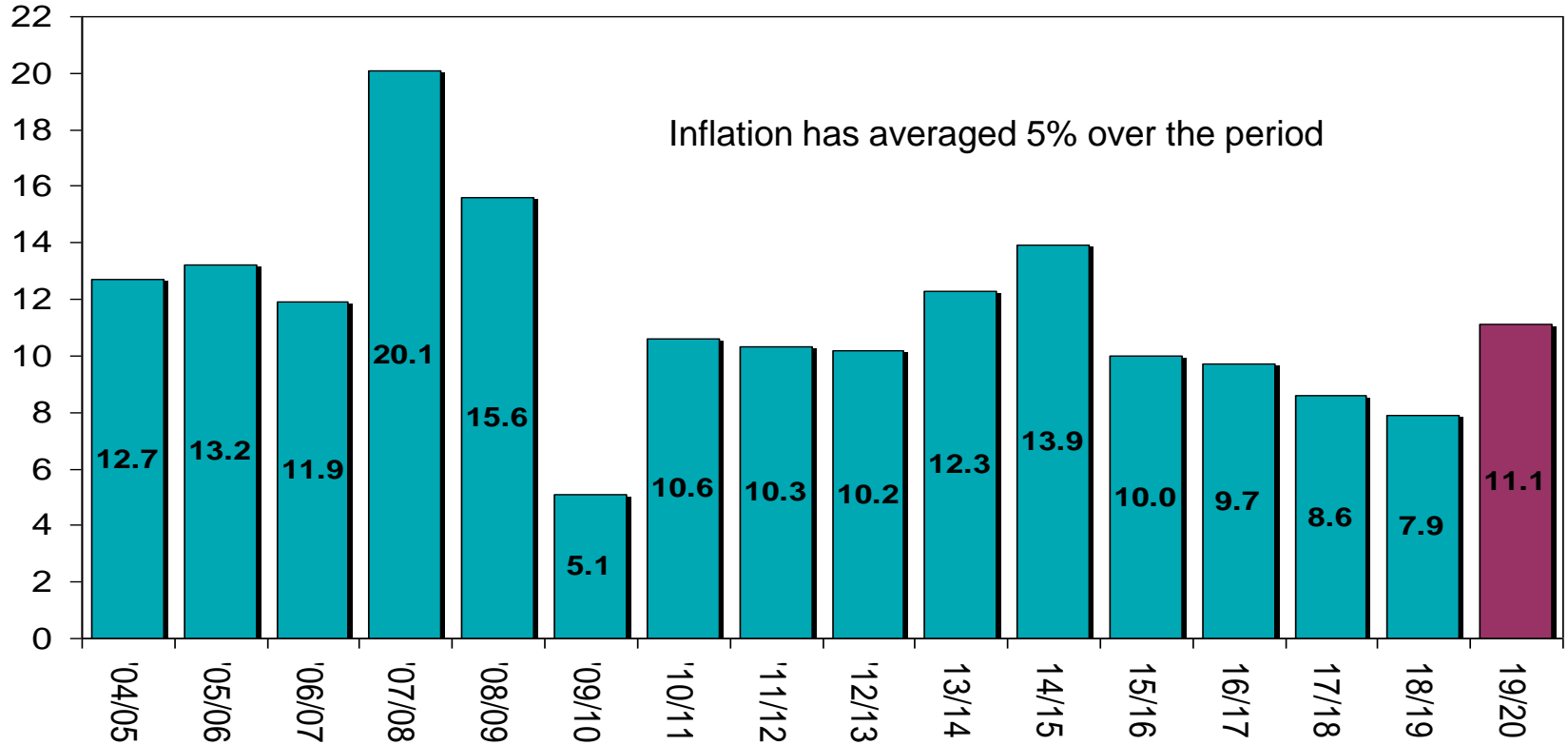


# SA budget revenue increases in 2019/20



# SA growth in individual income tax

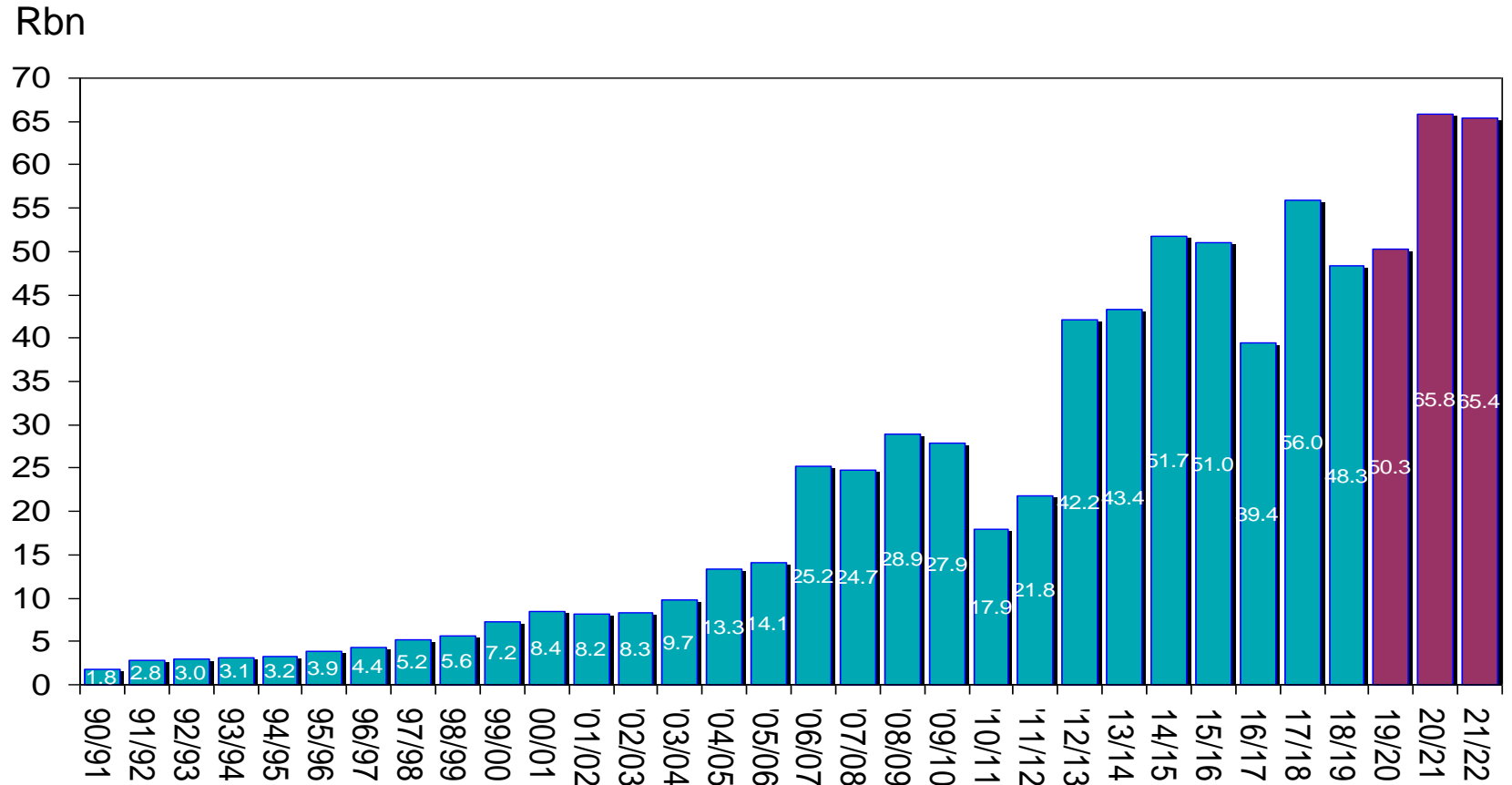
% Fiscal years



# Estimates of individual taxpayers contribution

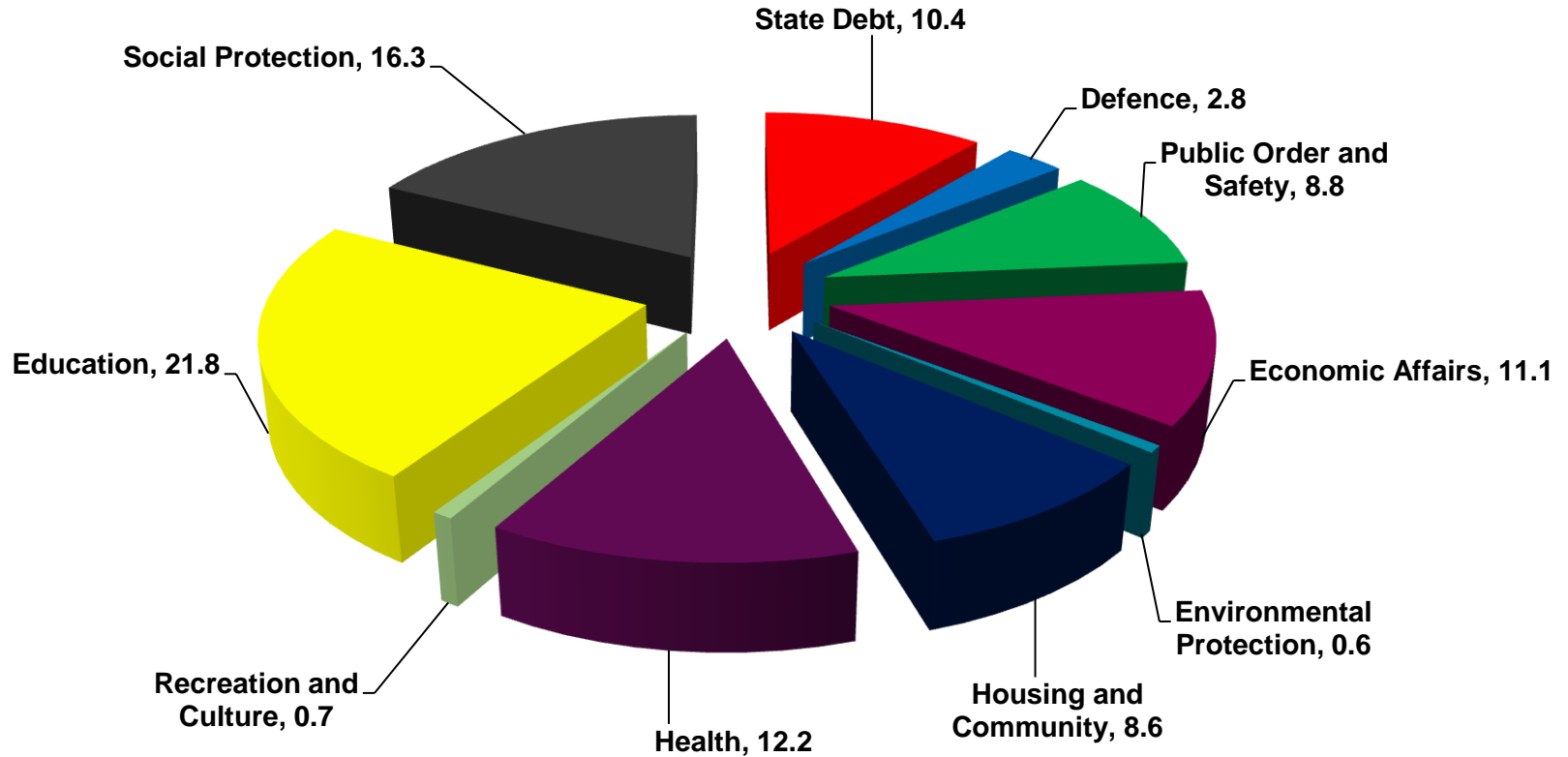
	Percentage of personal tax before tax adjustments	Percentage of personal tax after 2018/2019 tax changes
R0 to R70 000	0.0	<b>0.0</b>
R70 000 to R150 000	1.9	<b>1.8</b>
R150 000 to R250 000	6.6	<b>6.5</b>
R250 000 to R350 000	9.0	<b>9.0</b>
R350 000 to R500 000	13.7	<b>13.7</b>
R500 000 to R750 000	16.1	<b>16.1</b>
R750 000 to R1 000 000	12.0	<b>12.0</b>
R1 000 000 to R1 500 000	11.9	<b>11.9</b>
R1 500 000+	28.9	<b>28.9</b>

# Customs Union payments by SA government

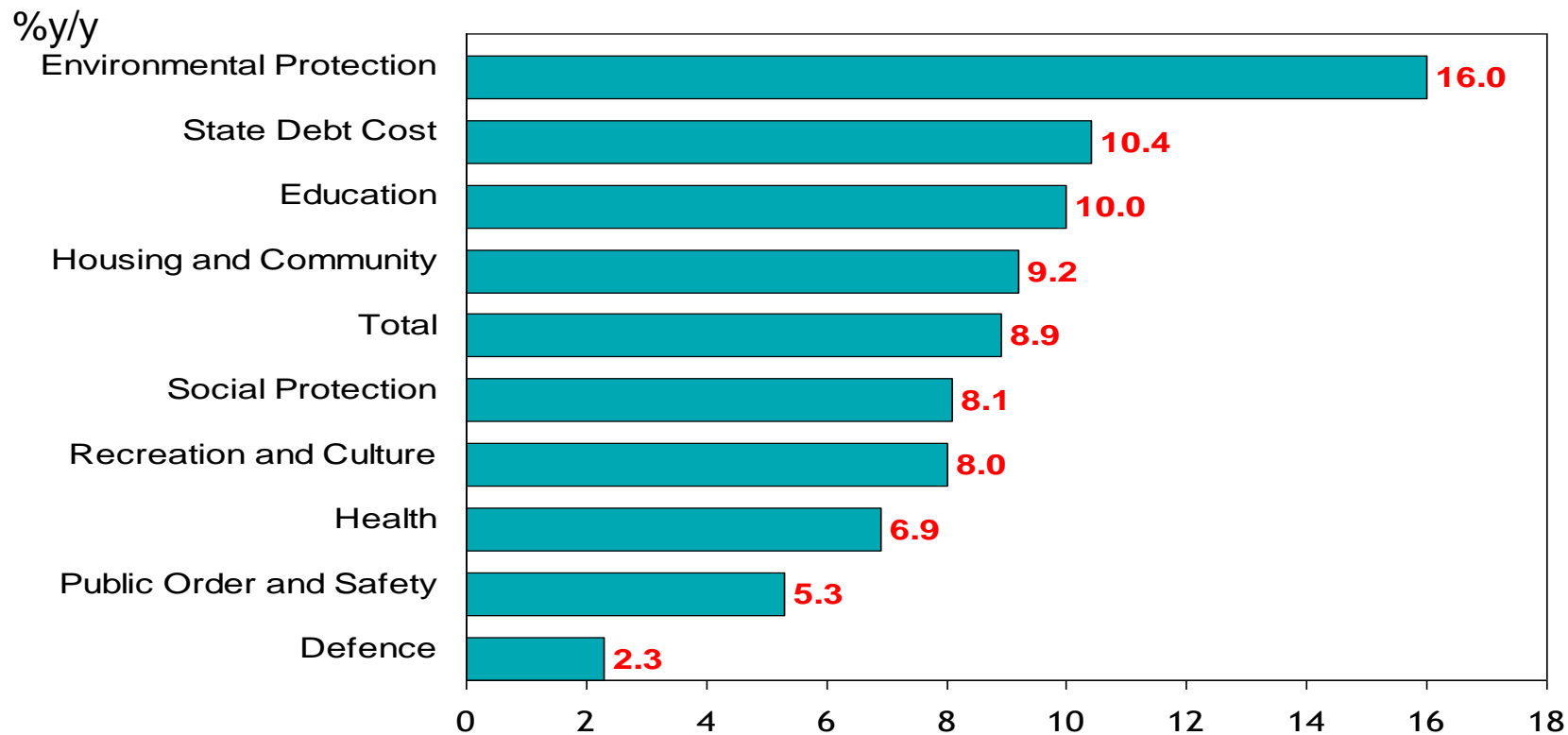




# SA breakdown of expenditure 2019/2020



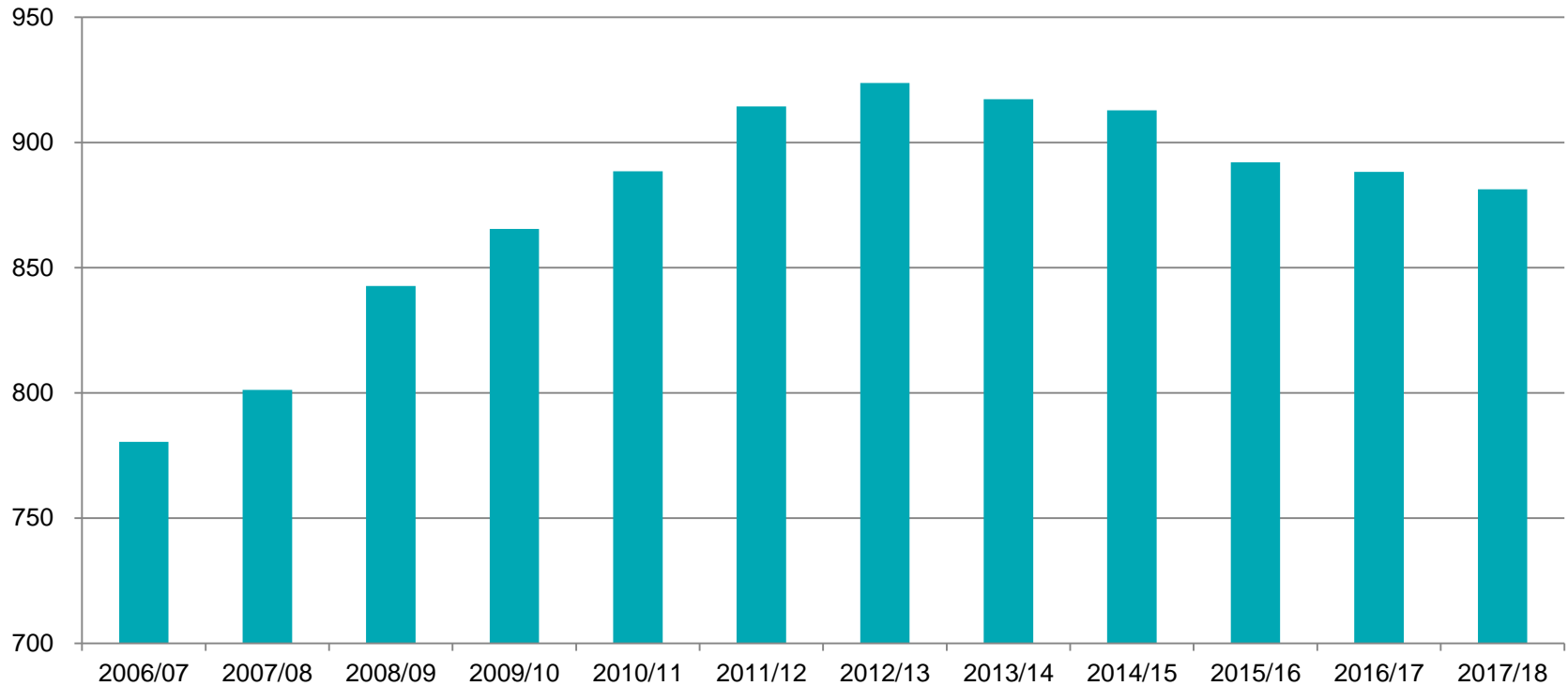
# SA budget expenditure increases in 2019/20



Consolidated national and provincial expenditure

# Provincial government employment

Thousands



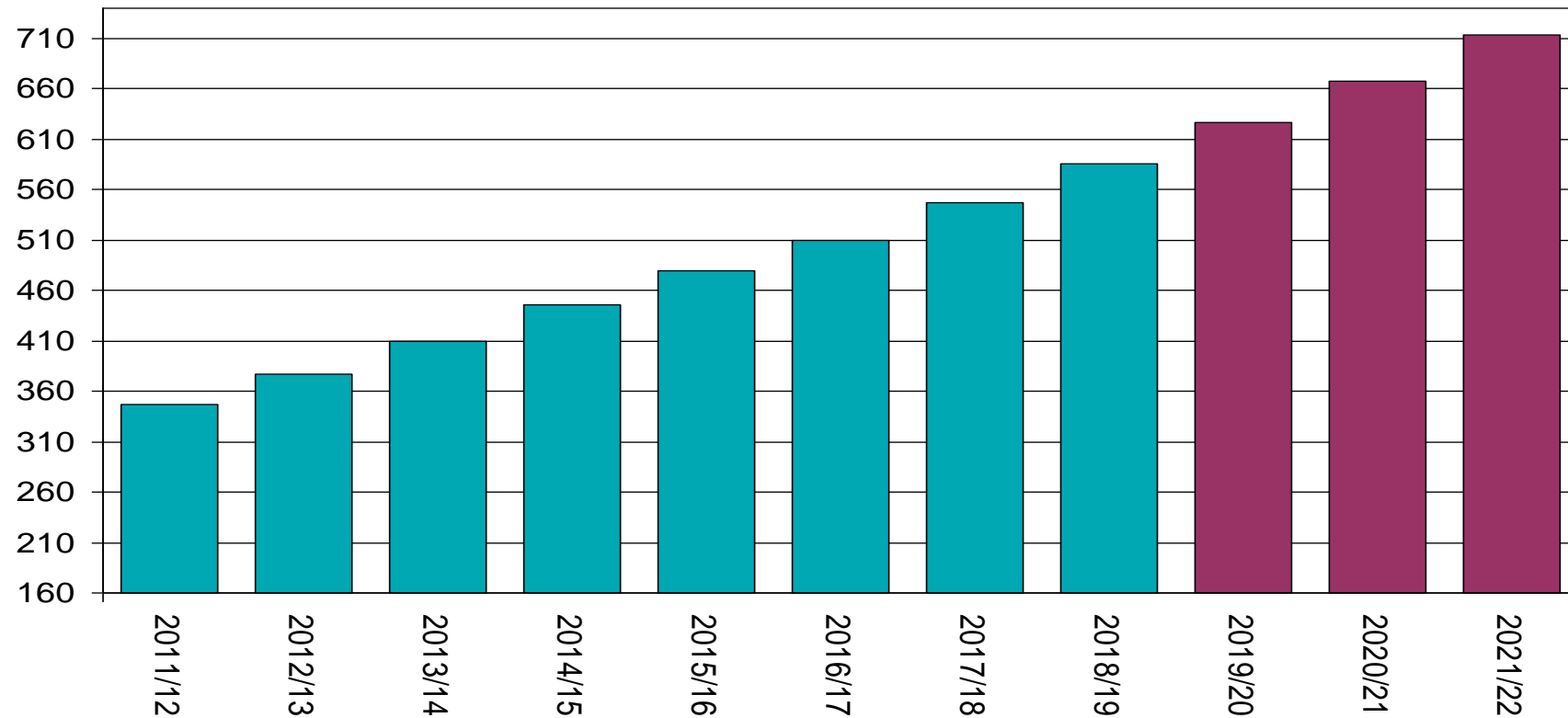
# SA Social Grant Beneficiary Numbers

Number of people obtaining a social grant

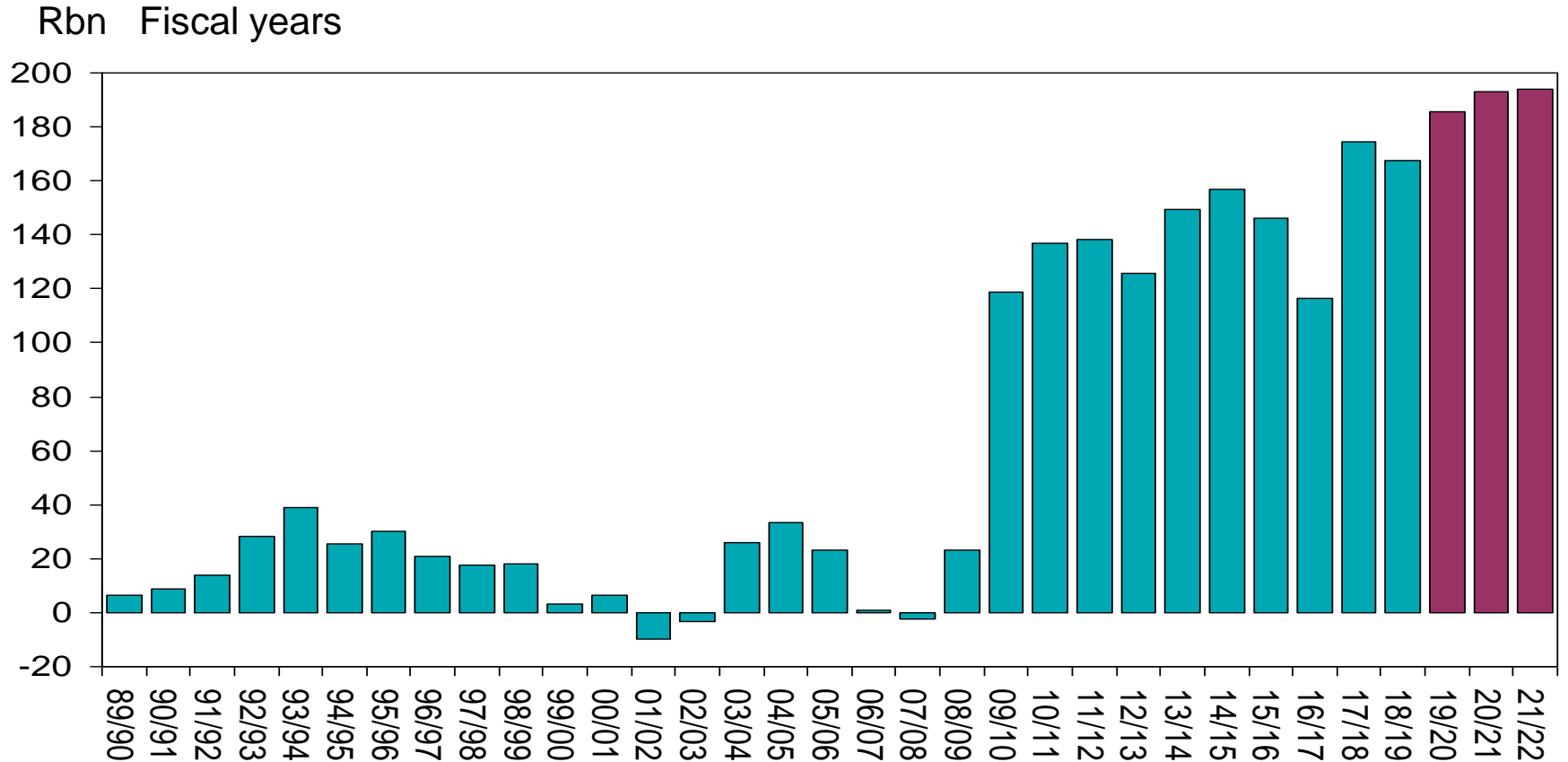
2000	2 946 618	2012	15 199 000
2003	5 808 494	2013	15 857 000
2004	7 941 562	2014	15 765 000
2005	9 406 829	2015	15 928 000
2006	10 918 263	2016	16 970 000
2007	11 983 141	2017	17 237 000
2008	12 374 770	2018	17 616 000
2009	13 066 118	2019	17 920 000
2010	14 624 580	2020	18 235 000
2011	14 624 580	2021	18 564 000

# Government compensation of employees

Billions

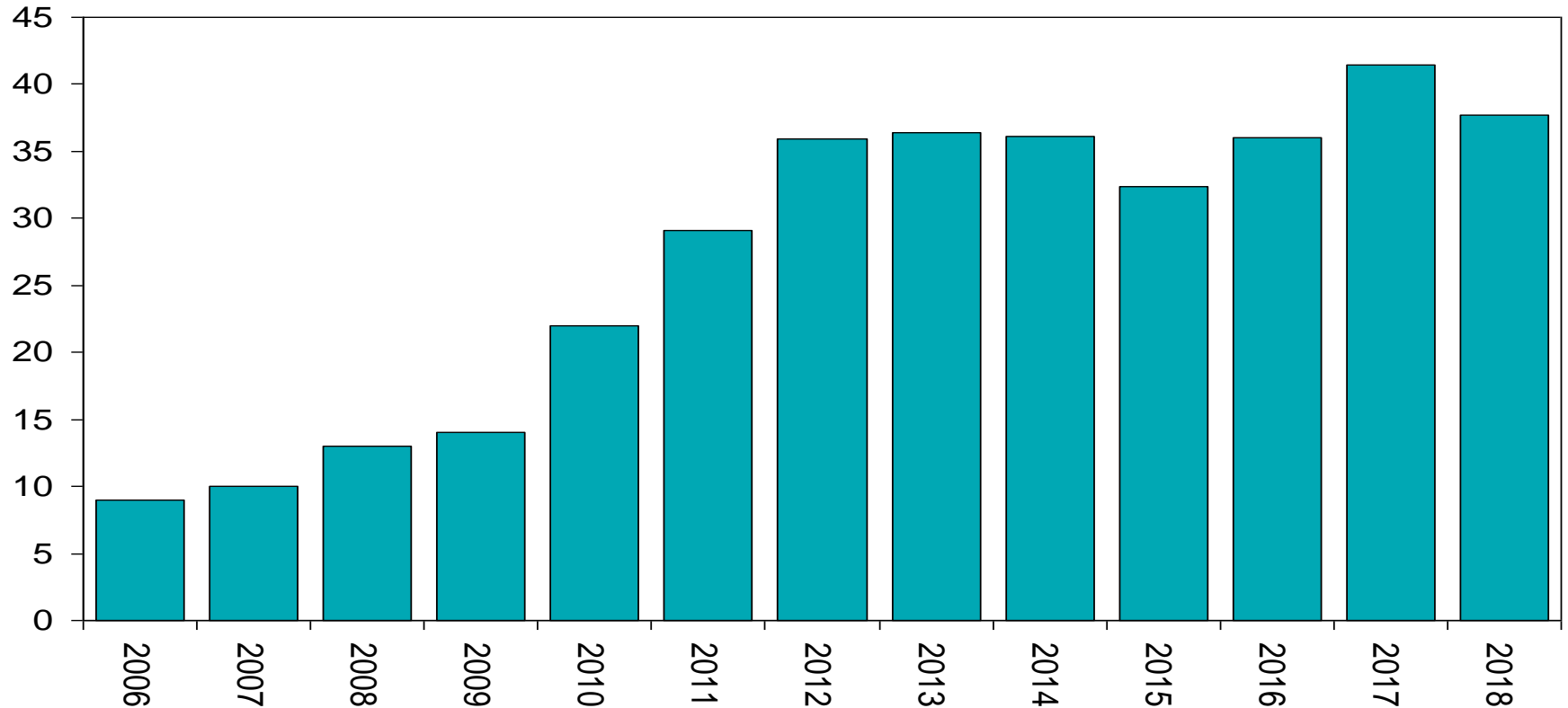


# SA government net domestic long-term bonds

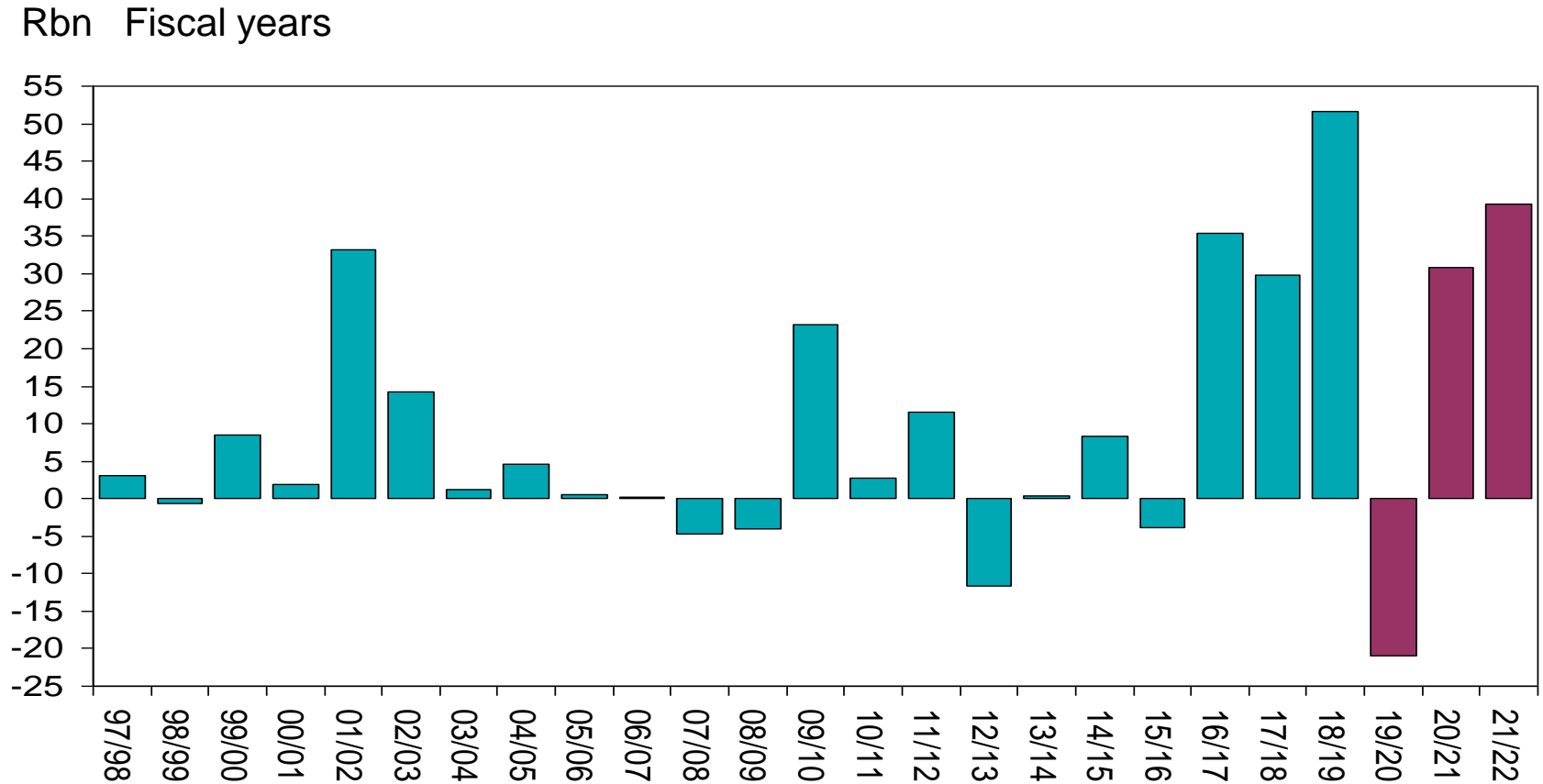


# Foreign holding of SA bond market

Percentage of market



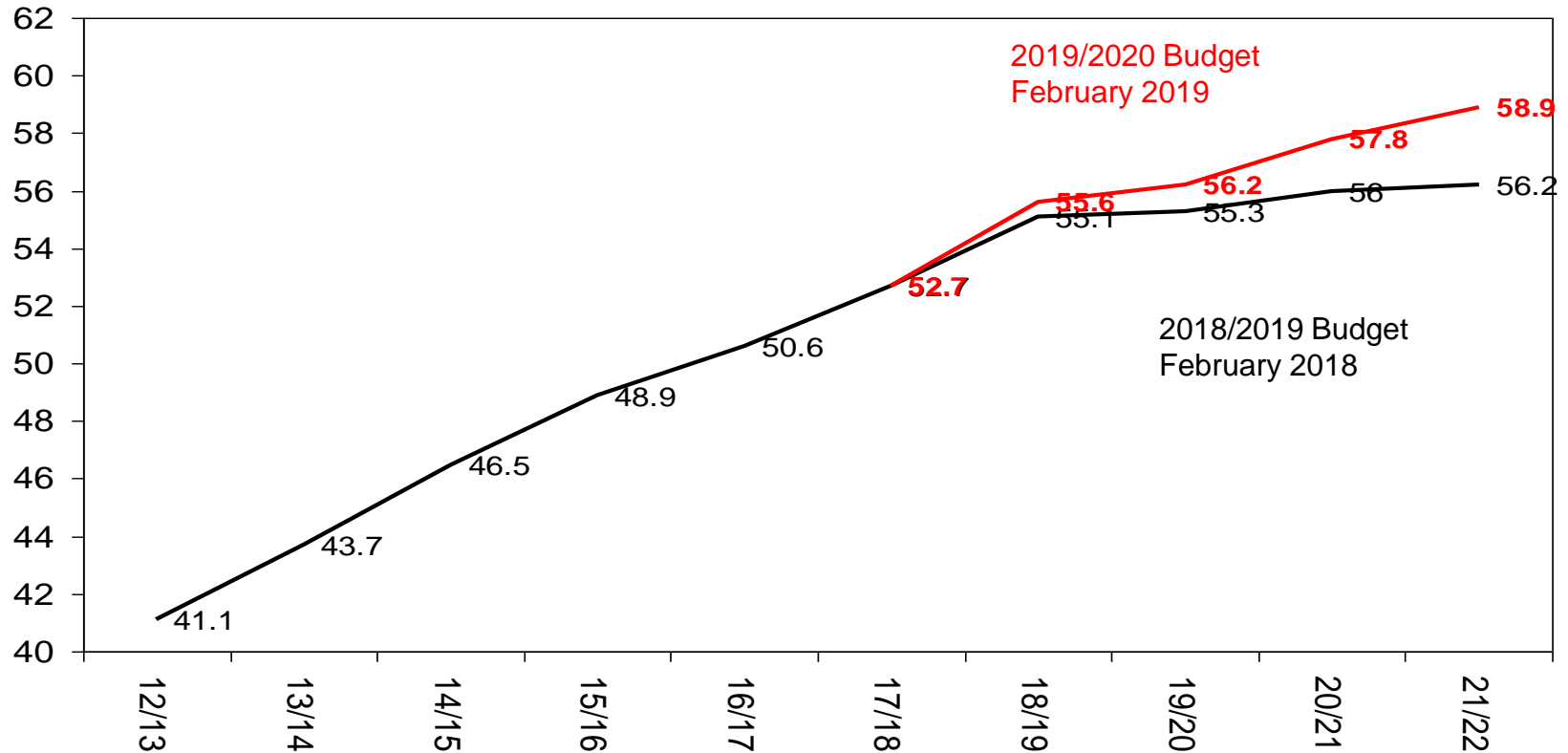
# SA government net foreign funding



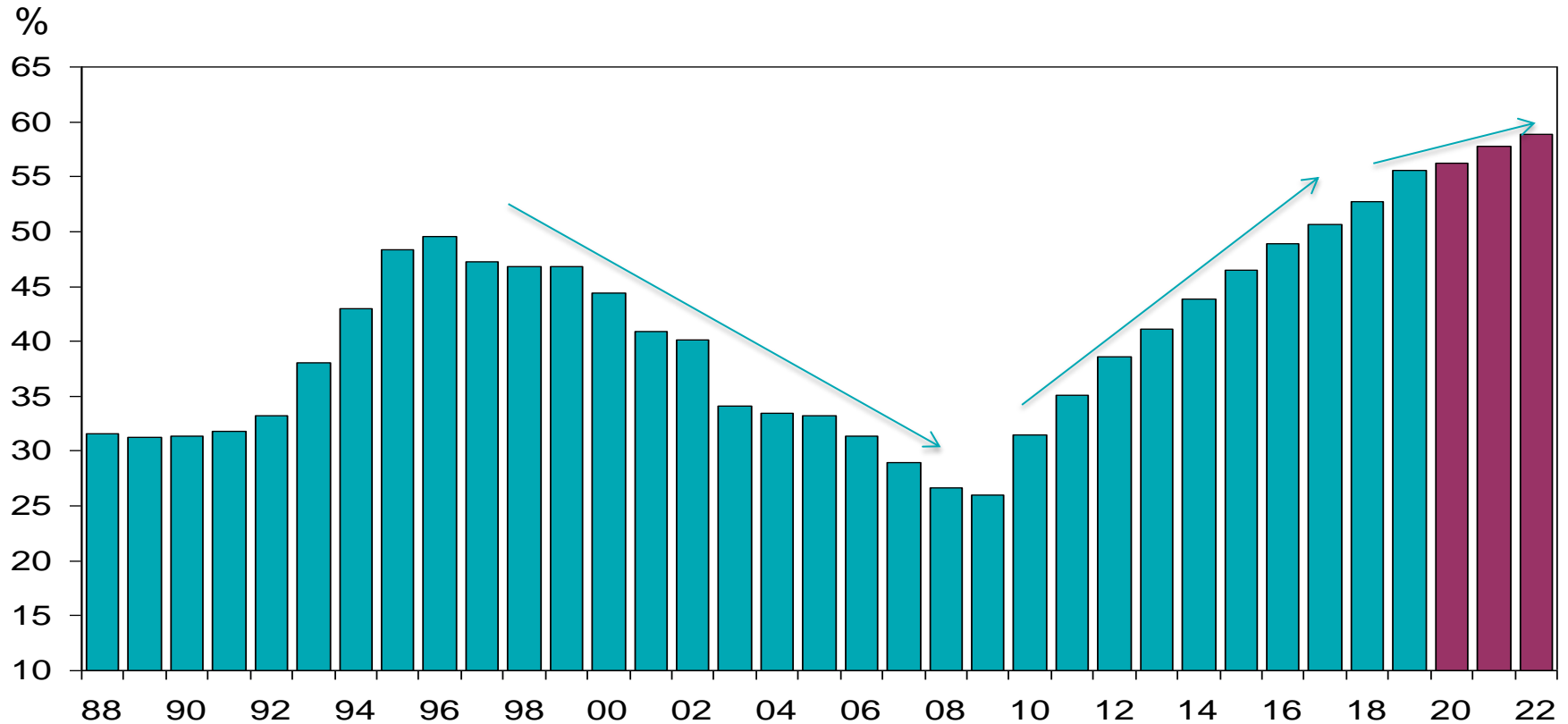


# SA government debt outlook

Rbn Fiscal years

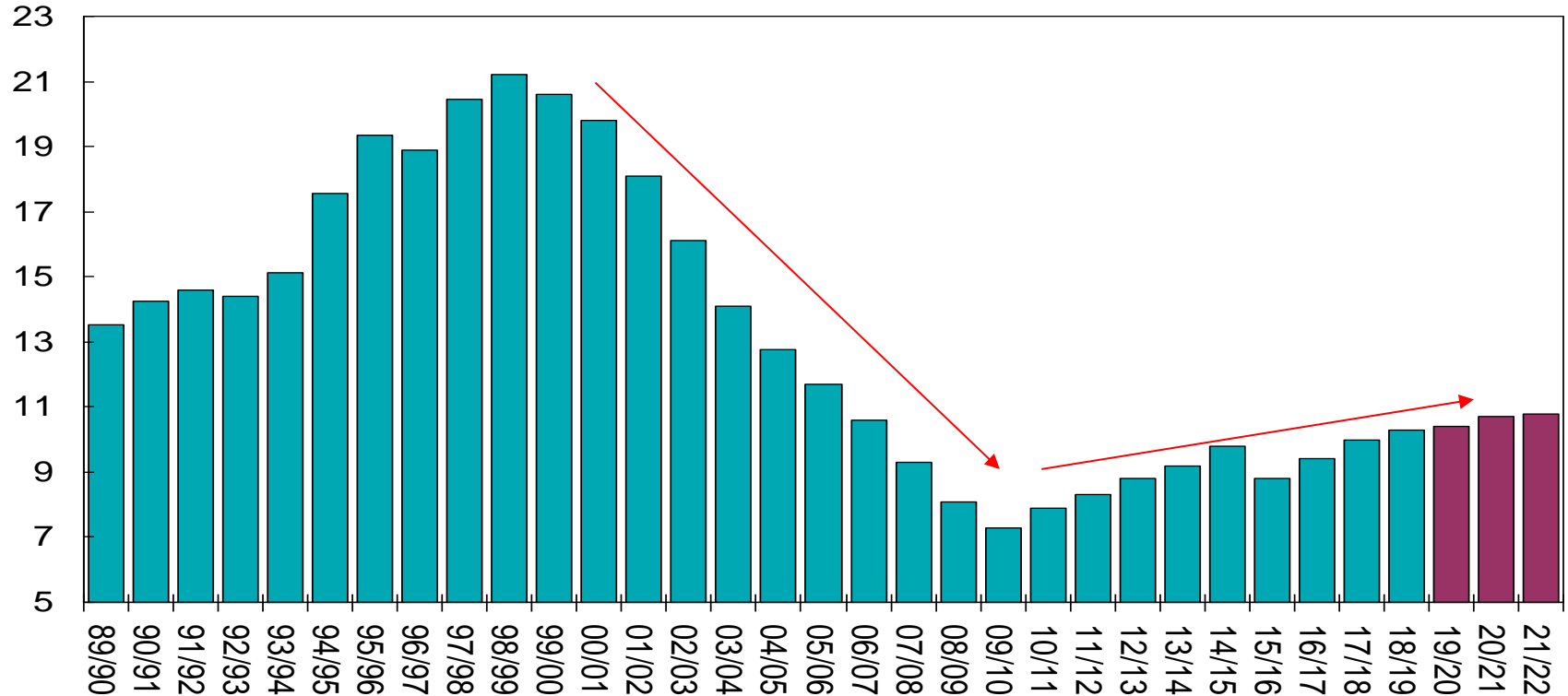


# SA government gross loan debt as % of GDP

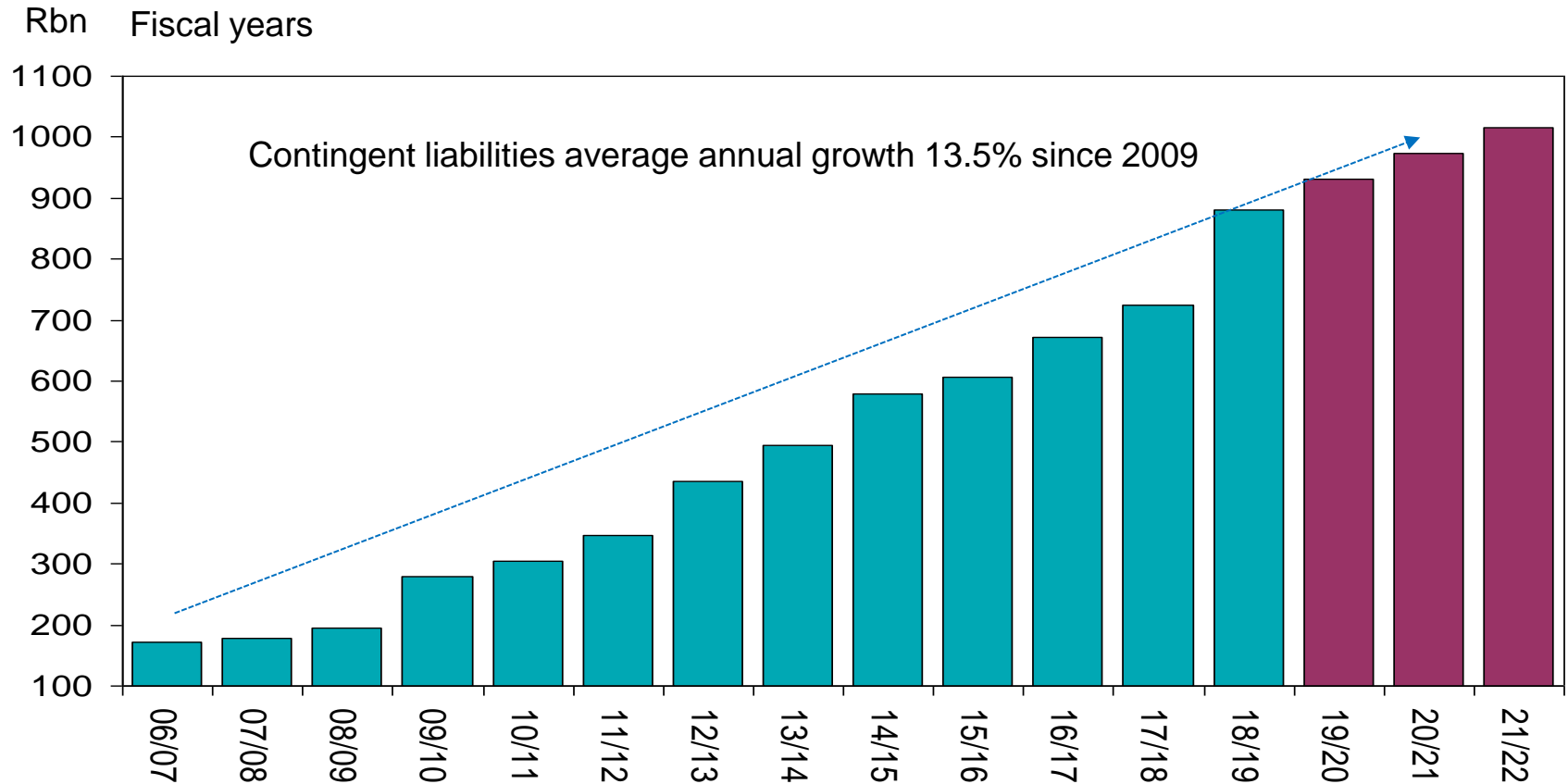


# SA debt servicing costs as % of total spending

% Fiscal years

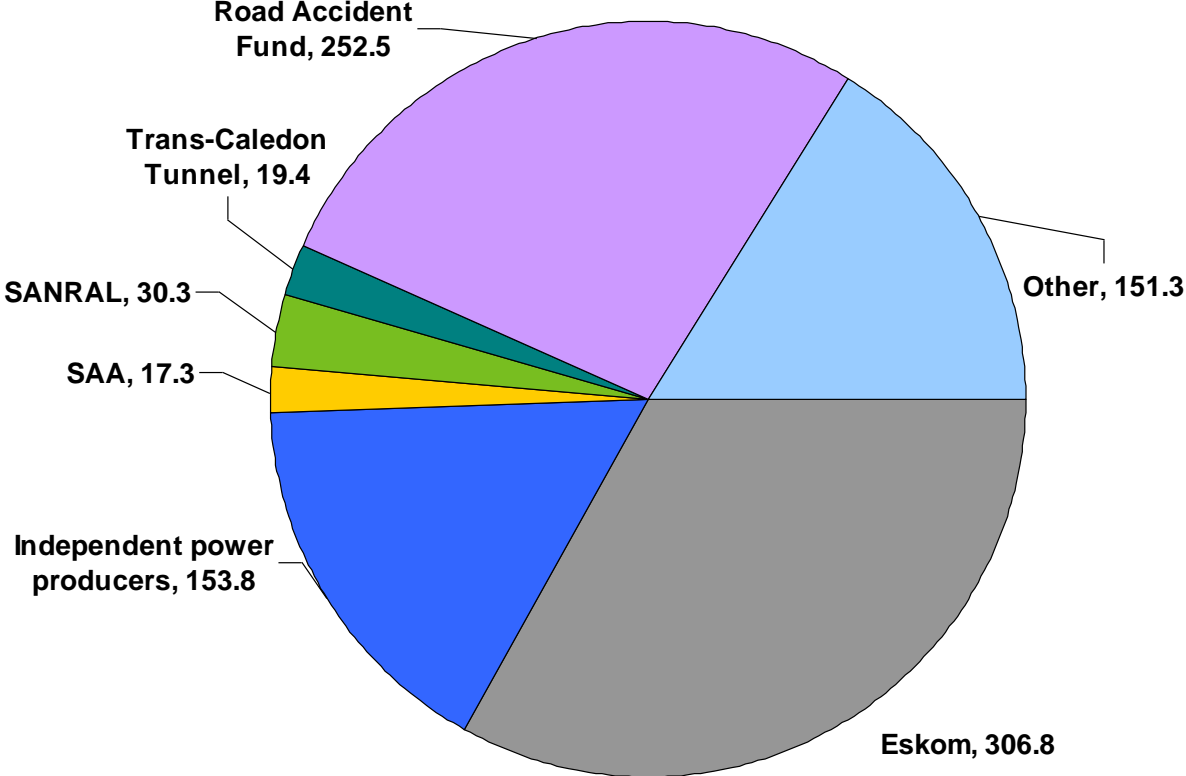


# SA government contingent liabilities



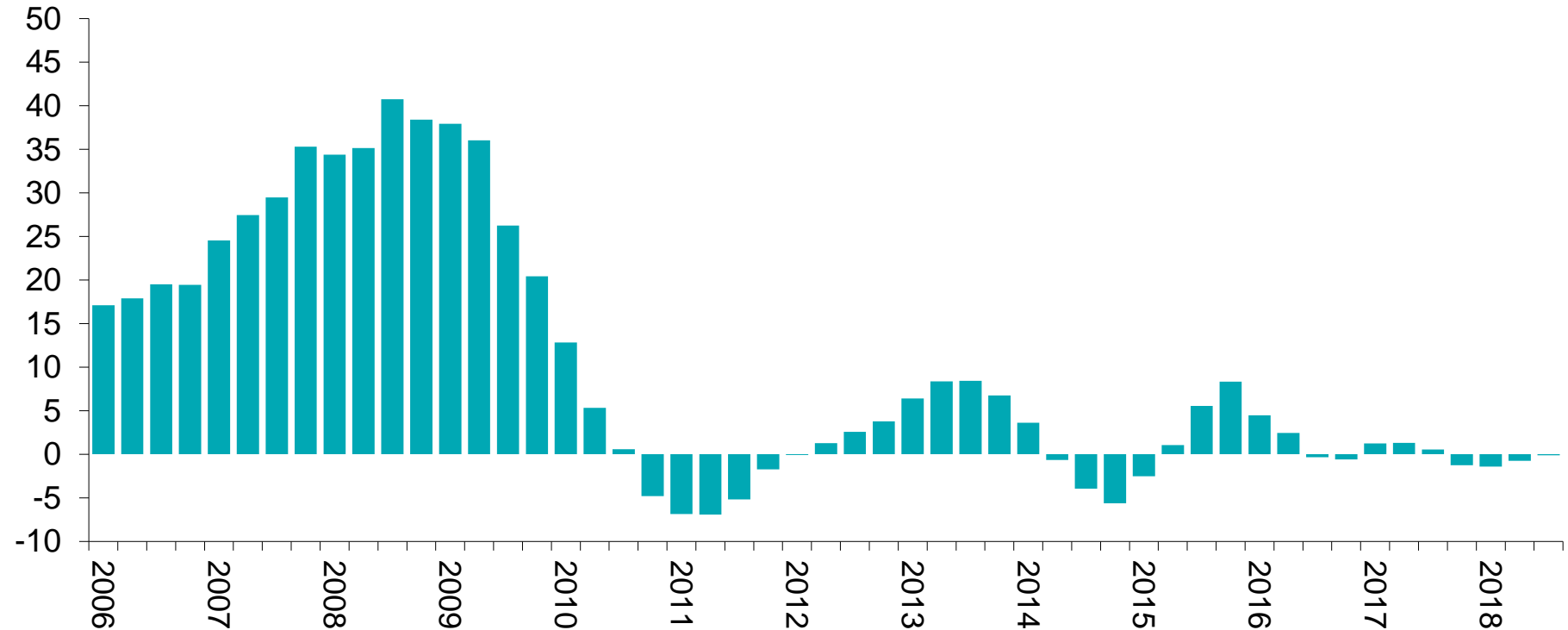
# Government contingent liabilities 2019/2020

R billion



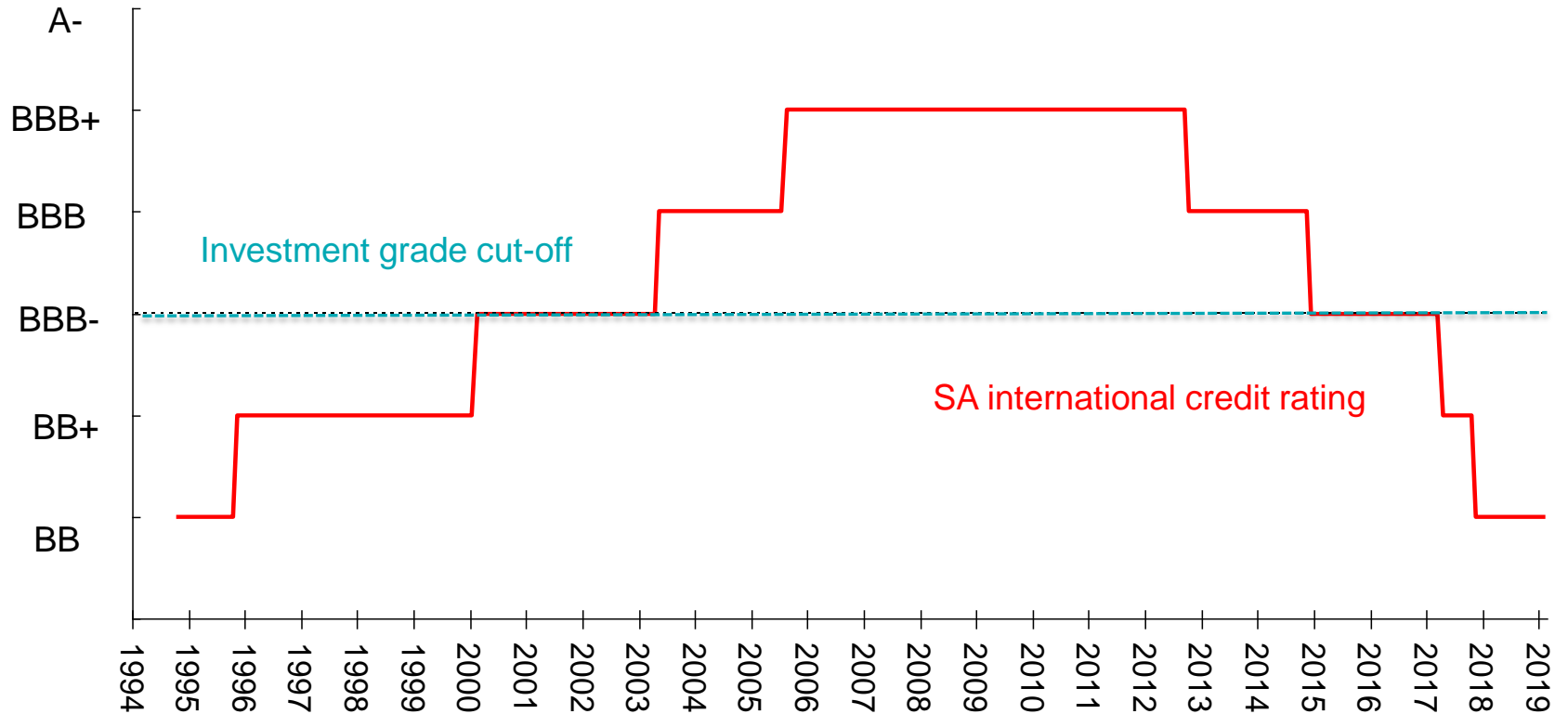
# Growth in fixed investment spending by SOEs

% year-on-year, 4-quarter moving ave

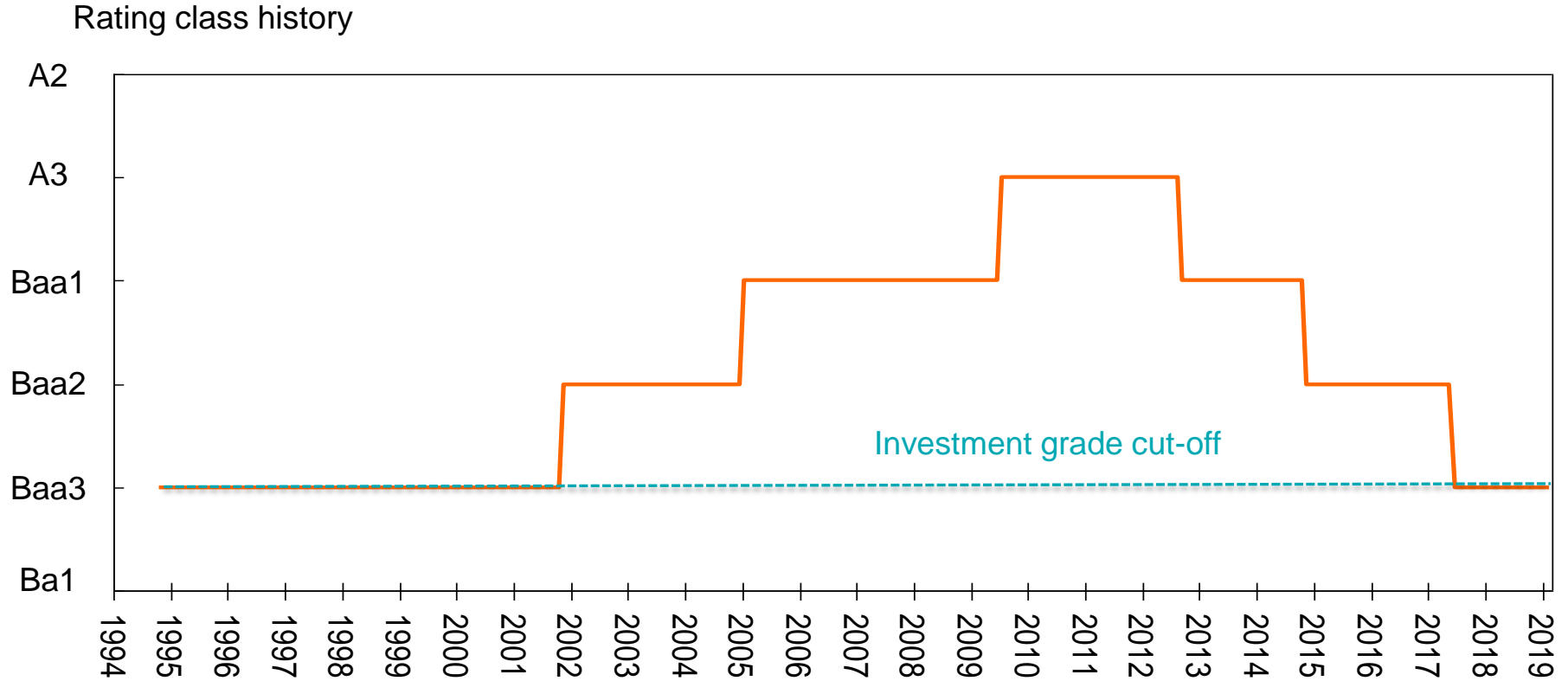


# South Africa's credit rating by S&P

Credit rating



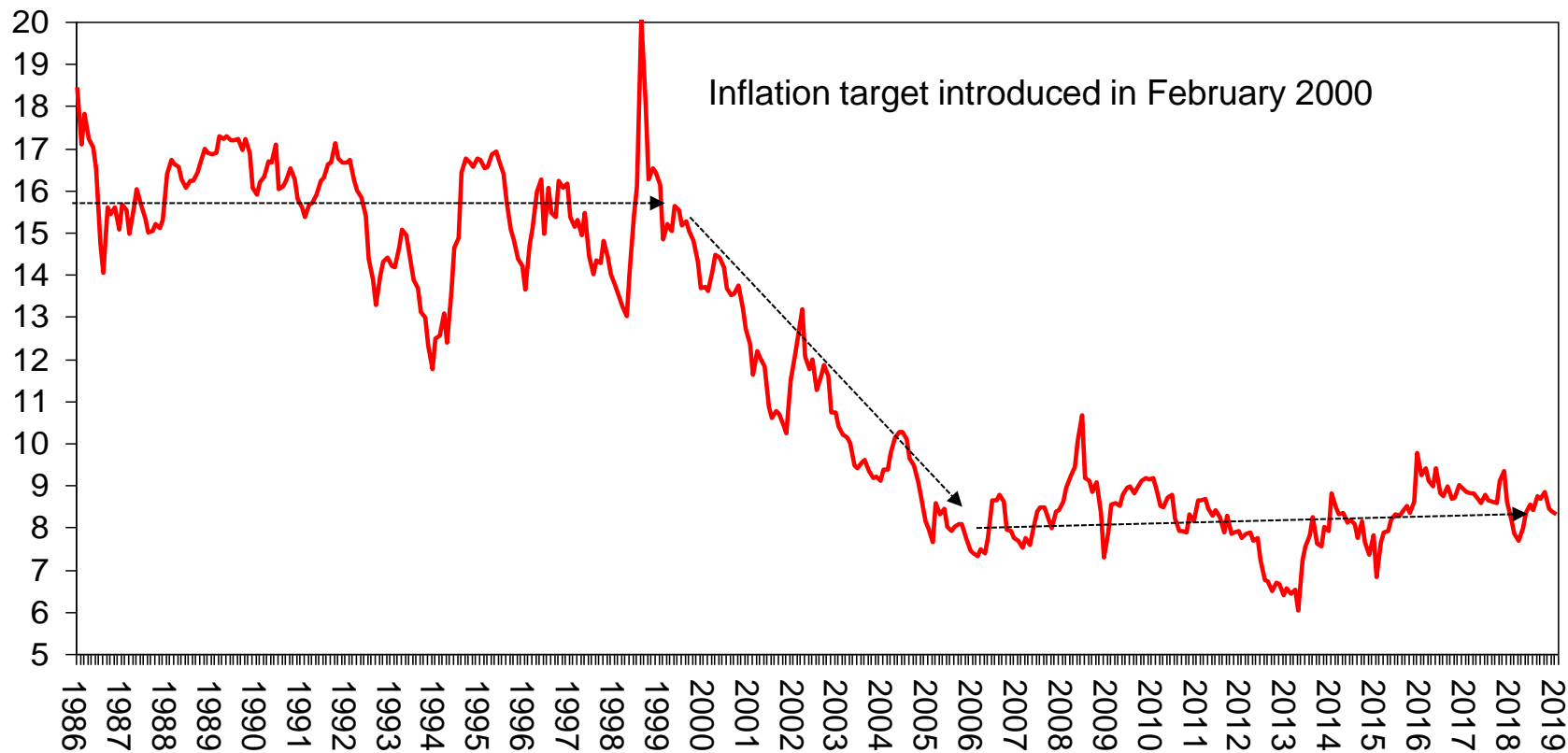
# South Africa sovereign rating by Moody's





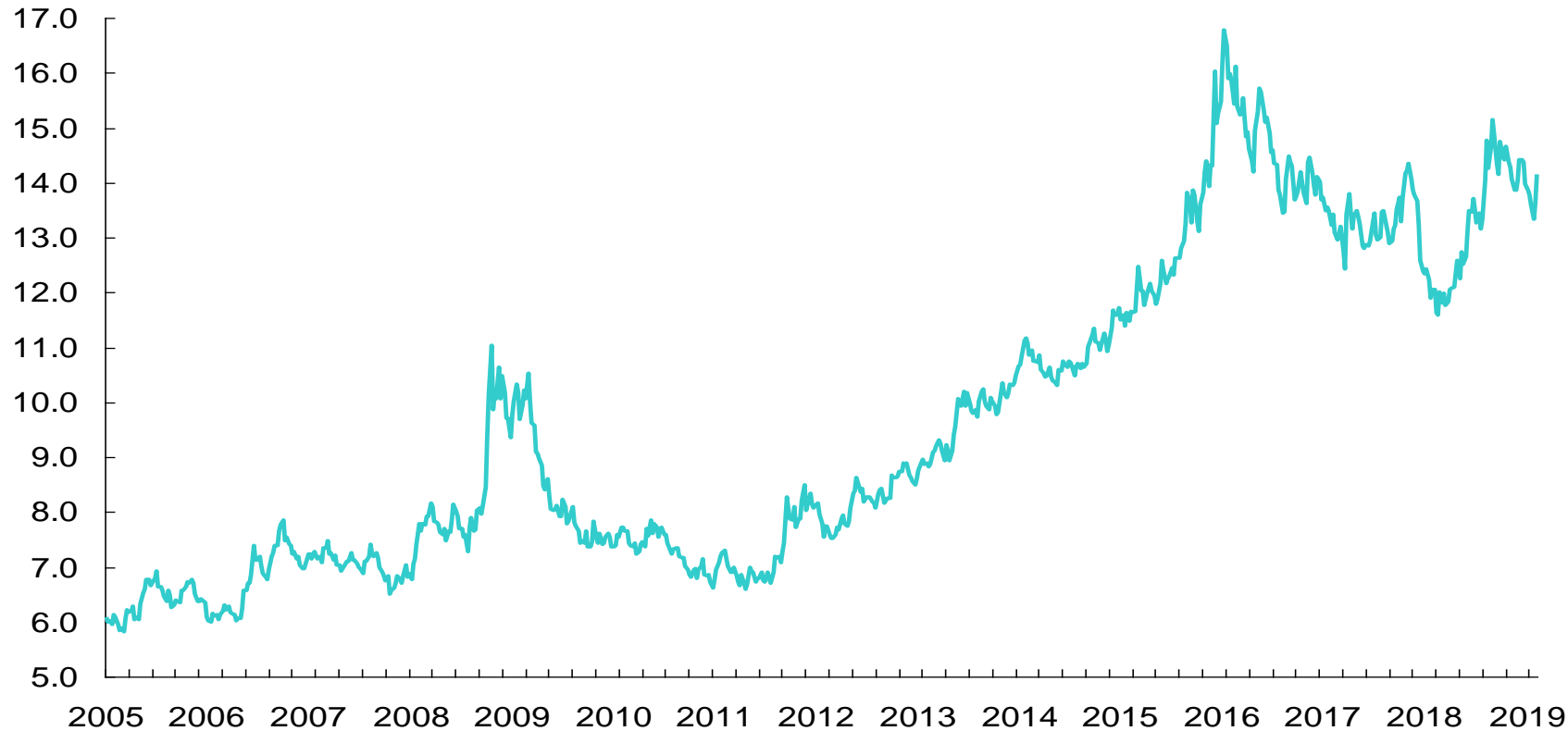
# SA 10-year government bond yield

%, yield



# Rand exchange rand against US Dollar

Rand per US Dollar



# Evaluating the SA national budget

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	Negative	Positive
<b>Budget objectives clearly stated</b>	No	
<b>Budget deficit contained</b>	No	
<b>Revenue :</b>		
Appropriate composition	No	
No ad hoc measures		Yes
Efficiency of collection	No	
<b>Spending:</b>		
Appropriately allocated		Yes
Public sector salary increases contained		Yes
Increases in public sector investment	No	
<b>Positive impact on the economy:</b>		
Growth	No	
Inflation		Yes
<b>Encouraging private sector investment</b>	No	
<b>Help encourage job creation</b>	No	
<b>Provide poverty relief/welfare</b>		Yes
<b>Encourage savings</b>	No	
<b>Encourage small business</b>	No	
<b>Innovation</b>	No	

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**Thank you**

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