

## 2005 Budget Speech

### Summary of the National Budget

R million	2004/05		2005/06	2006/07	2007/08
	Budget estimate	Revised estimate	Budget estimate	Medium term estimates	
<b>REVENUE</b>					
<b>Estimate of revenue before tax proposals</b>			<b>379 250</b>		
<b>Tax proposals</b>					
<b>Taxes on individual and companies</b>			<b>-10 862</b>		
Personal income tax			-7 110		
<i>Adjust personal income tax rate structure for inflation</i>			-6 800		
<i>Increase in interest and dividend exemption under 65 years</i>			-170		
<i>Increase in interest and dividend exemption 65 years and over</i>			-140		
Corporate income tax			-2 000		
<i>Reduction in corporate tax</i>			-2 000		
Small business incentives			-1 752		
<i>Introduce VAT payments from every 2 months to every 4 months</i>			-275		
<i>Exemption from Skills Development Levy</i>			-92		
<i>Graduated rate structure</i>			-900		
<i>Accelerated depreciation for all assets</i>			-485		
<b>Financial transaction taxes</b>			<b>-800</b>		
Adjust for transfer duties			-450		
Elimination of stamp duties on debit entries			-350		
<b>Taxes on goods and services</b>			<b>2 281</b>		
Increase in duties on alcohol			690		
Increase in duties on tobacco products (52% incidence)			620		
Abolish <i>ad valorem</i> excise duties on sun protection products			-10		
Abolish duty on base oils for lubricating			-1		
Increase in Air Passenger Departure Tax			32		
Increase in fuel levy			950		
<b>Estimate of revenue after tax proposals</b>	<b>326 956</b>	<b>337 960</b>	<b>369 869</b>	<b>405 427</b>	<b>444 643</b>
<i>Percentage change from previous year</i>			9,4%	9,6%	9,7%
<b>EXPENDITURE</b>					
<b>Statutory and standing appropriations</b>					
Cost of servicing state debt	50 432	48 901	53 125	56 603	59 381
Provincial equitable share	159 971	164 084	134 706	146 757	157 678
Skills development levy	4 300	4 300	5 000	5 600	6 000
Other 1)	963	975	1 060	1 121	1 177
	<b>215 666</b>	<b>218 260</b>	<b>193 891</b>	<b>210 081</b>	<b>224 235</b>
<b>Appropriated by vote</b>					
Current payments	58 860	59 004	66 133	71 858	77 696
Transfers and subsidies	85 284	87 454	149 140	162 149	174 806
Payments for capital assets	5 594	5 395	6 155	6 305	6 656
	<b>149 738</b>	<b>151 853</b>	<b>221 428</b>	<b>240 312</b>	<b>259 159</b>
<b>Plus:</b>					
<i>Unallocated funds</i>	1 000	–	500	2 000	3 500
<i>Contingency reserve</i>	2 500	–	2 000	4 000	8 000
<b>Estimate of national expenditure</b>	<b>368 904</b>	<b>370 113</b>	<b>417 819</b>	<b>456 393</b>	<b>494 894</b>
<i>Percentage change from previous year</i>			12,9%	9,2%	8,4%
<b>2004 Budget estimate of expenditure</b>		<b>368 904</b>	<b>404 654</b>	<b>439 058</b>	
<i>Increase / decrease</i>		1 209	13 165	17 335	

1) Salaries of Members of Parliament, salaries of judges and standing appropriations (claims on guarantees and subscriptions to funds of the World Bank, African Development Bank and International Monetary Fund).

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<b>Revenue</b>	<b>326 956</b>	<b>337 960</b>	<b>369 869</b>	<b>405 427</b>	<b>444 643</b>
<b>Expenditure</b>	<b>368 904</b>	<b>370 113</b>	<b>417 819</b>	<b>456 393</b>	<b>494 894</b>
<b>National budget deficit</b>	<b>-41 948</b>	<b>-32 152</b>	<b>-47 950</b>	<b>-50 966</b>	<b>-50 251</b>
<i>Percentage of GDP</i>	<i>-3,1%</i>	<i>-2,3%</i>	<i>-3,1%</i>	<i>-3,0%</i>	<i>-2,7%</i>
Plus: Extraordinary transfers	-7 000	-7 136	-7 000	–	-4 328
Less: Extraordinary receipts	2 742	1 720	1 529	527	712
<b>Net borrowing requirement</b>	<b>-46 206</b>	<b>-37 569</b>	<b>-53 421</b>	<b>-50 438</b>	<b>-53 867</b>
<b>Financing</b>					
<b>Change in loan liabilities</b>					
<b>Domestic short-term loans (net)</b>	<b>6 000</b>	<b>6 000</b>	<b>4 974</b>	<b>6 000</b>	<b>6 000</b>
<b>Domestic long-term loans (net)</b>	<b>34 328</b>	<b>31 045</b>	<b>25 768</b>	<b>40 299</b>	<b>42 247</b>
Loans issued for financing:					
New Loans	27 328	24 540	18 768	40 299	42 247
Less: Discount	57 526	53 902	48 431	70 589	74 548
Less: Discount	-3 666	-3 013	-3 291	-5 222	-3 957
Redemptions (net of book profit)	-26 532	-26 350	-26 372	-25 067	-28 344
Loans issued for switching	–	-494	–	–	–
New Loans	7 000	8 031	7 000	10 000	–
Less: Discount	–	-171	–	–	–
Loans switched (net of bookprofit)	-7 000	-8 354	-7 000	-10 000	–
Loans issued for extraordinary purposes	7 000	7 000	7 000	–	–
New Loans	7 000	7 000	7 000	–	–
<b>Foreign loans (net)</b>	<b>5 878</b>	<b>4 795</b>	<b>12 039</b>	<b>2 639</b>	<b>4 120</b>
Market loans	7 400	6 533	9 390	7 090	7 870
Arms procurement loan agreements	4 675	3 683	4 708	3 860	2 800
Less: Discount on issues of new loans	–	-85	–	–	–
Redemptions (including revaluation of loans)	-6 198	-5 336	-2 059	-8 311	-6 550
<b>Change in cash balances</b>	<b>–</b>	<b>-4 271</b>	<b>10 640</b>	<b>1 500</b>	<b>1 500</b>
<b>Total financing (net)</b>	<b>46 206</b>	<b>37 569</b>	<b>53 421</b>	<b>50 438</b>	<b>53 867</b>