

DISCUSSION OF THE GAUTENG BUDGET (2011/12)

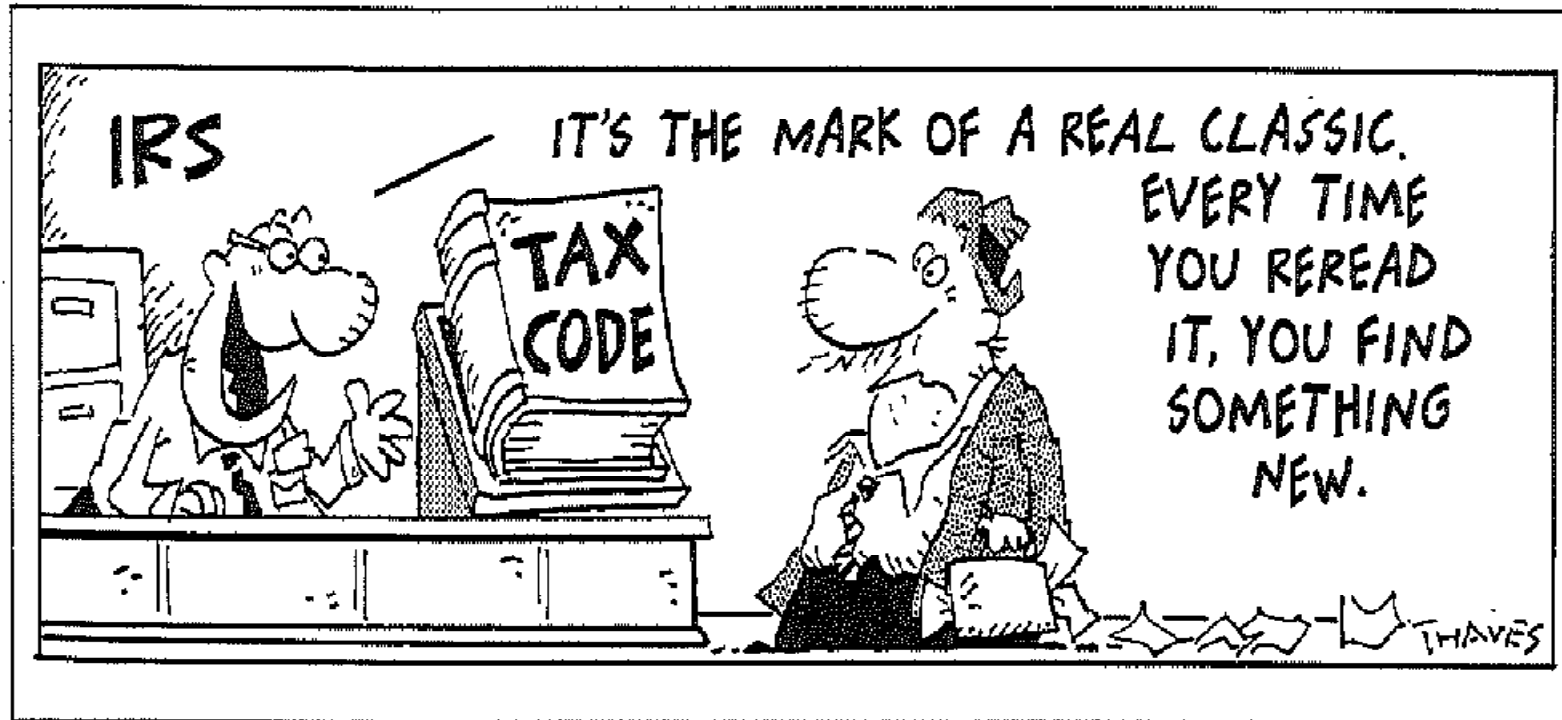
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What's in the budget?



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1. Macro economic performance

- a) National GDP growth
- b) Gauteng GDP R growth

2. Revenue

- a) Revenue trends
- b) Composition of Revenue

3. Expenditure

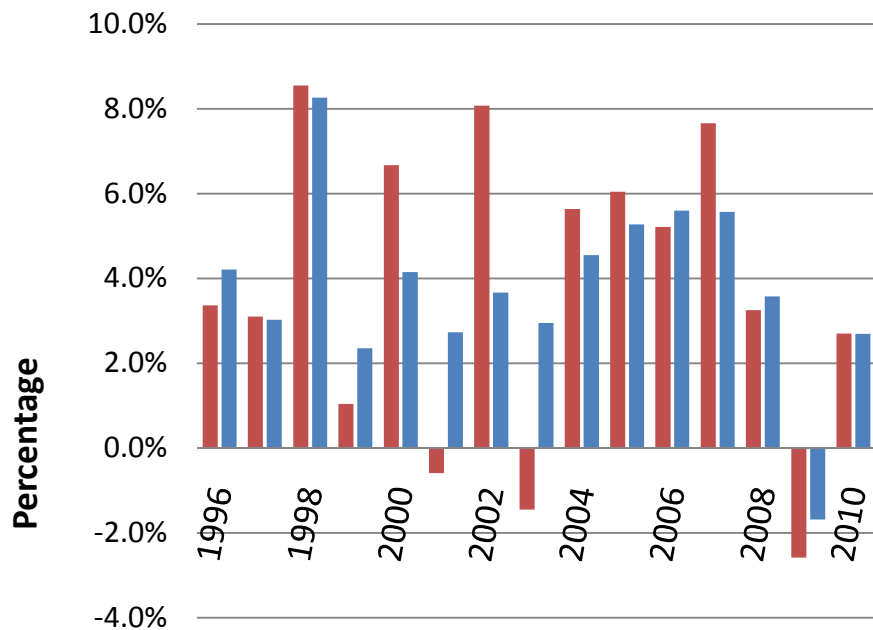
- a) Total expenditure trends
- b) Budget priorities
 - i. Current
 - ii. Capital



Macro performance



Economic Growth (constant prices)



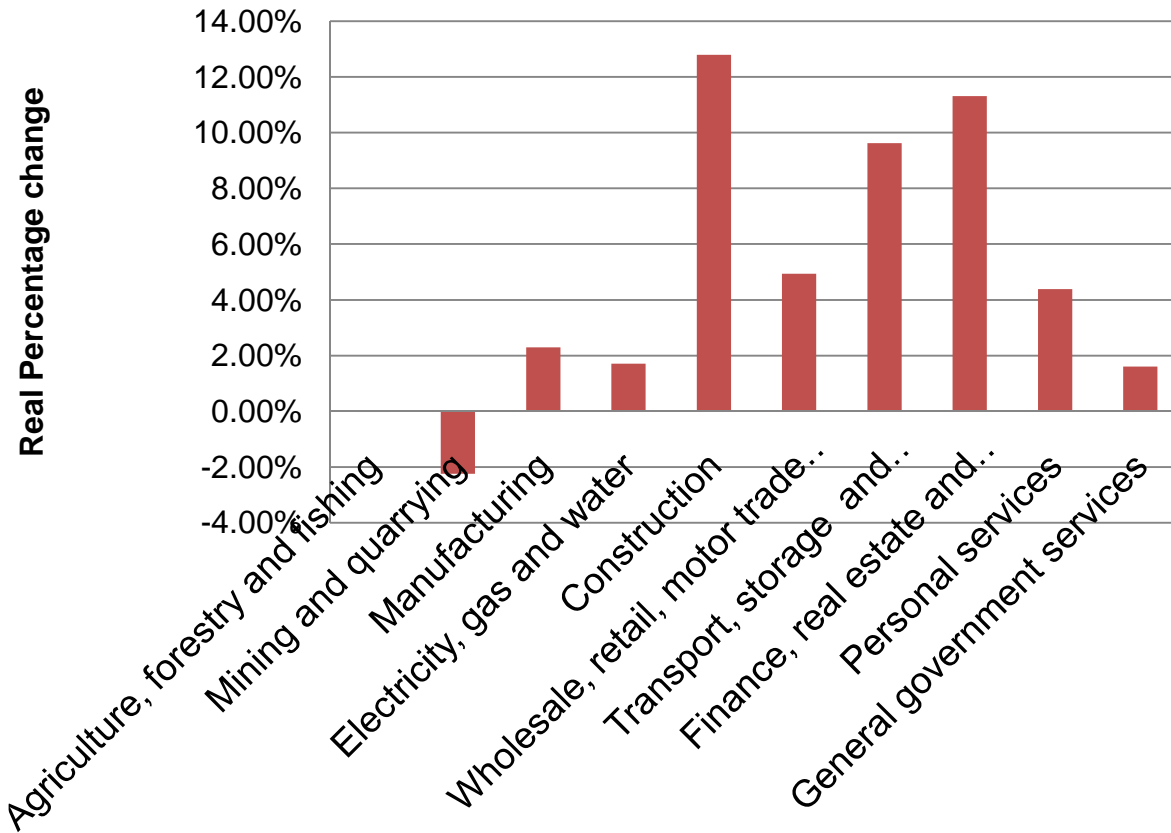
- % change in Gauteng GDP at constant prices
- % change in national GDP at constant prices

- Gauteng economy more sensitive to the business cycle
- The 2010 growth figures not yet available but latest quarterly figures suggest that the recovery is on its way.



Macro performance continued

Growth in Economic sectors (1995 to 2010)

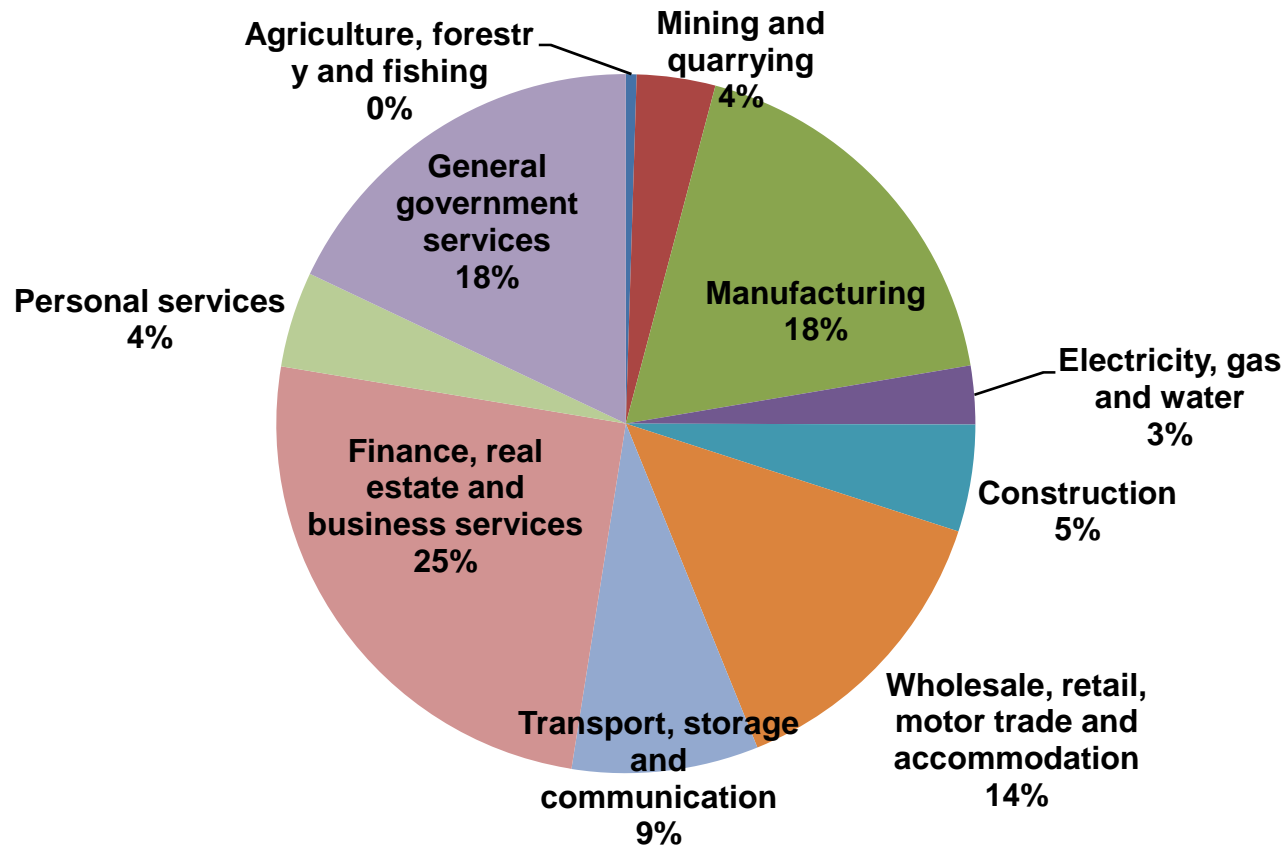


- High growth sectors include Construction Finance and Transport
- Those would also be important employers



Macro performance continued

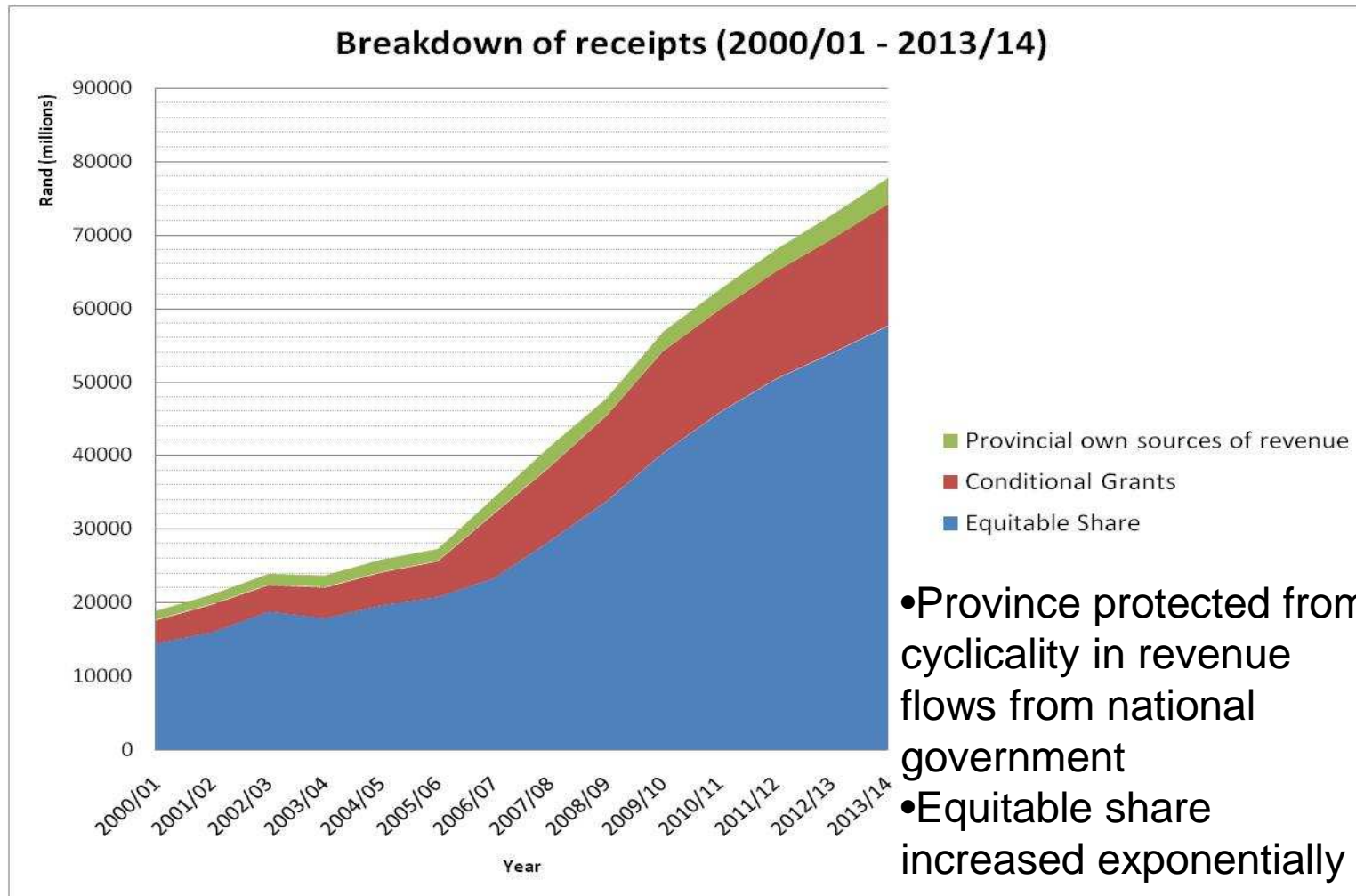
2009 Gauteng Economy Breakdown



- Government as big as Manufacturing - second to Financial Services

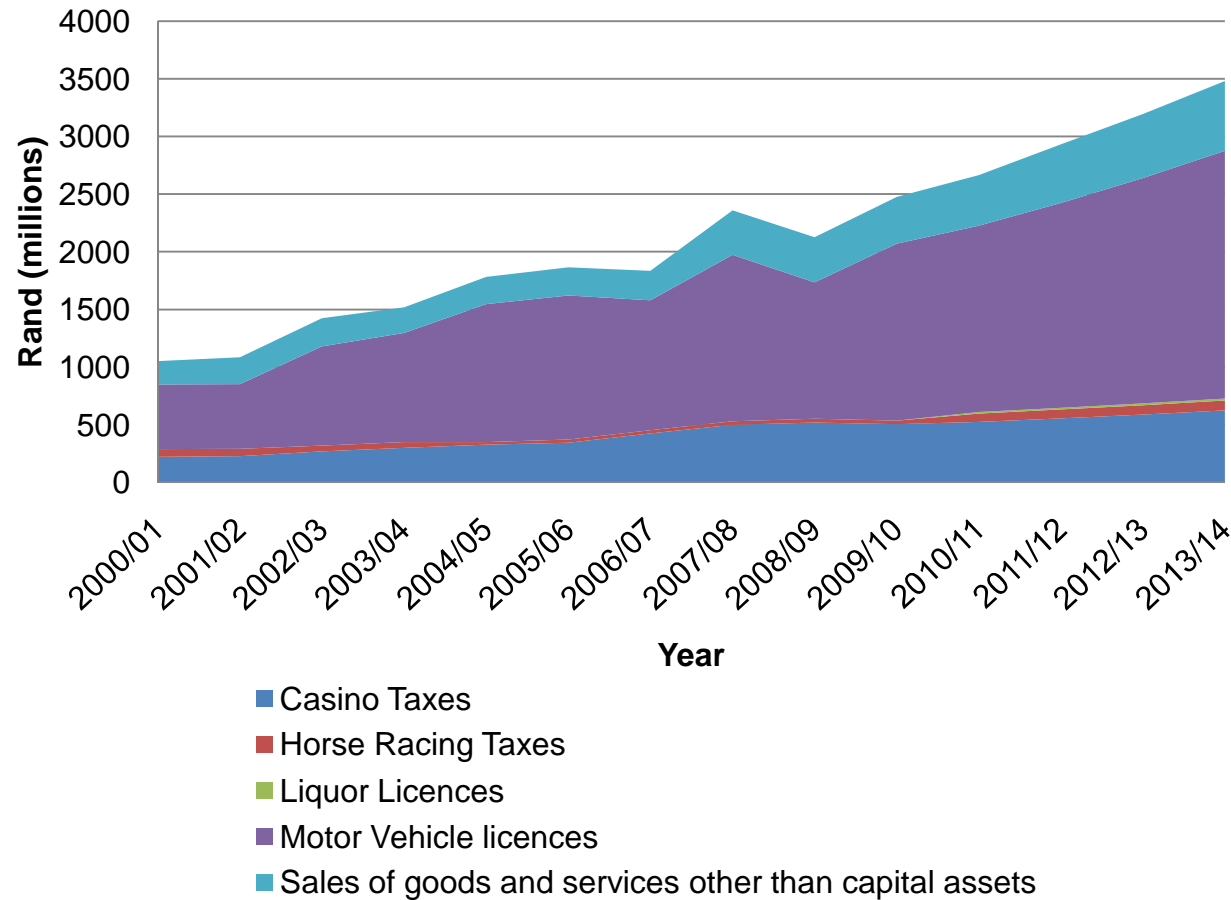


Revenue



Revenue continued

Sources of Own Revenue

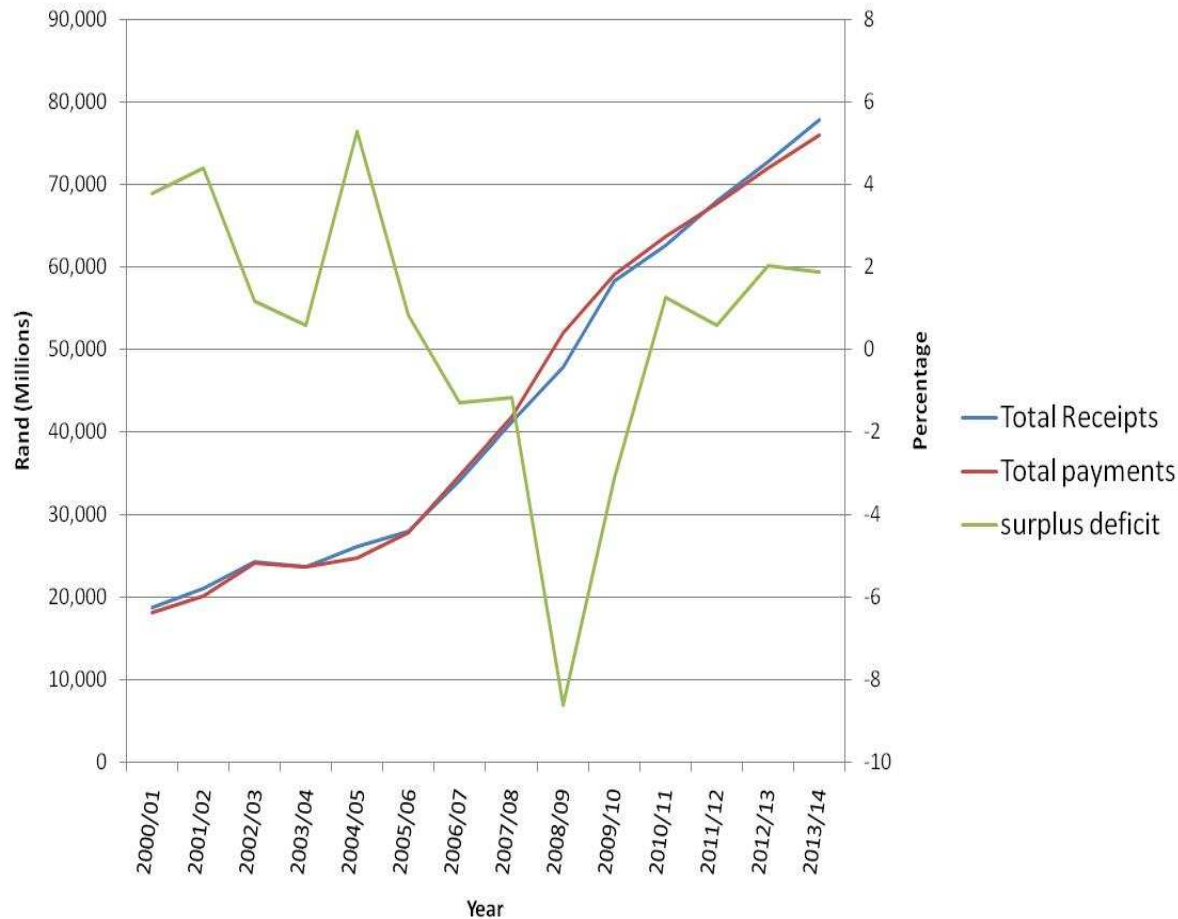


Own sources of revenue limited to motor vehicle licenses which are fairly cyclical



Expenditure

General trends in revenue and expenditures

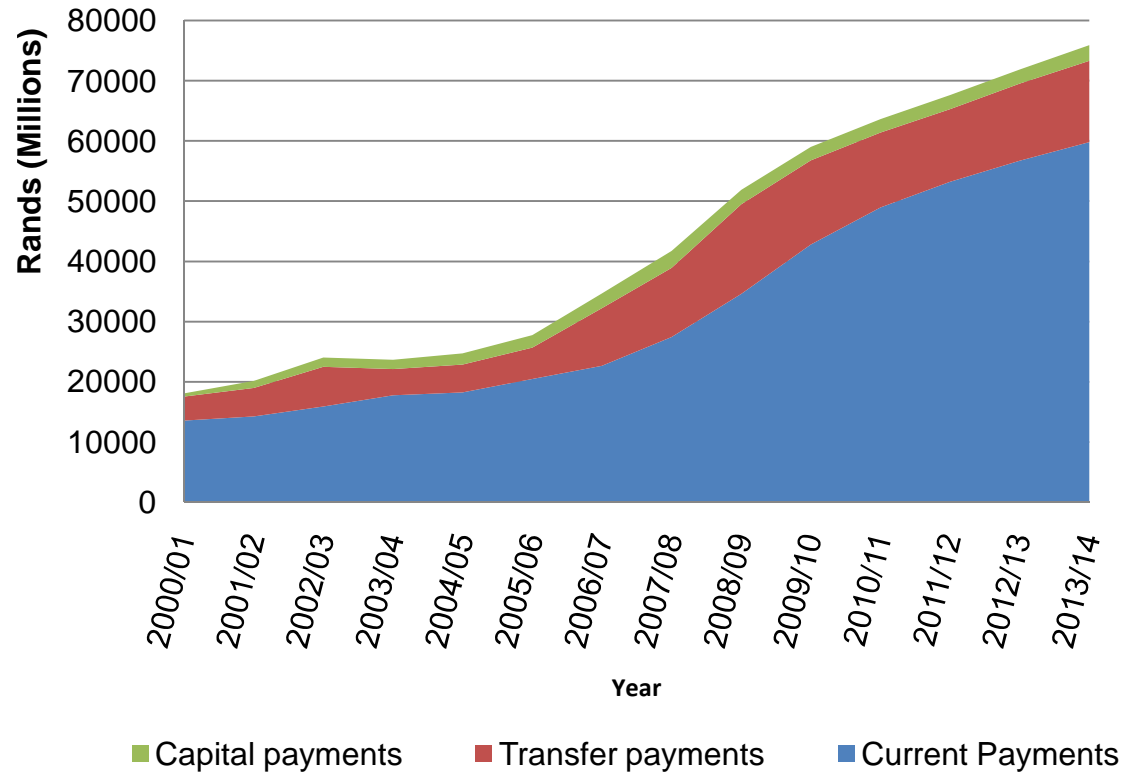


•The increase in the deficit due to overspending has been reversed since 2008/09



Expenditure continued

**Total Expenditure
(2000/01 - 2013/14)**

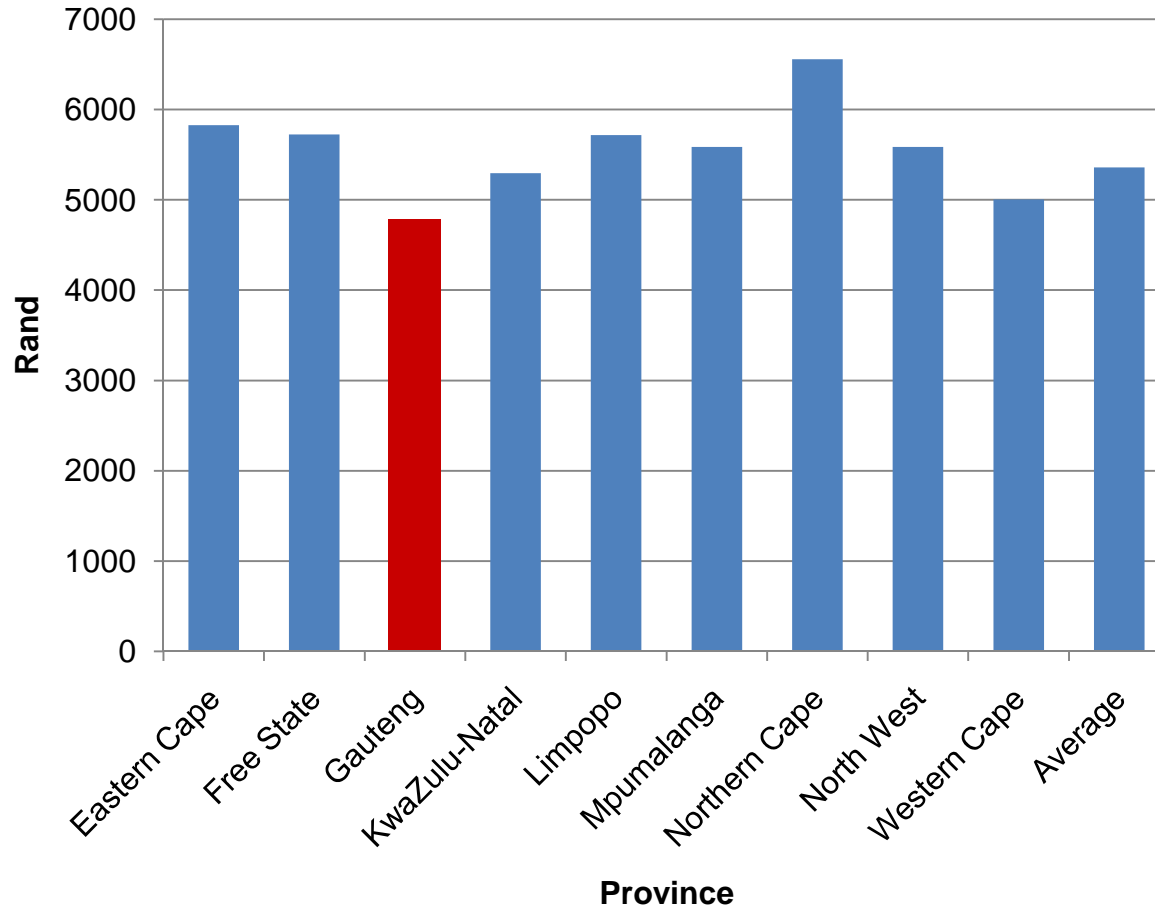


Current expenditures have increased exponentially since 2006/07 but its rate of increase levels off as from 2011/12



Expenditure continued

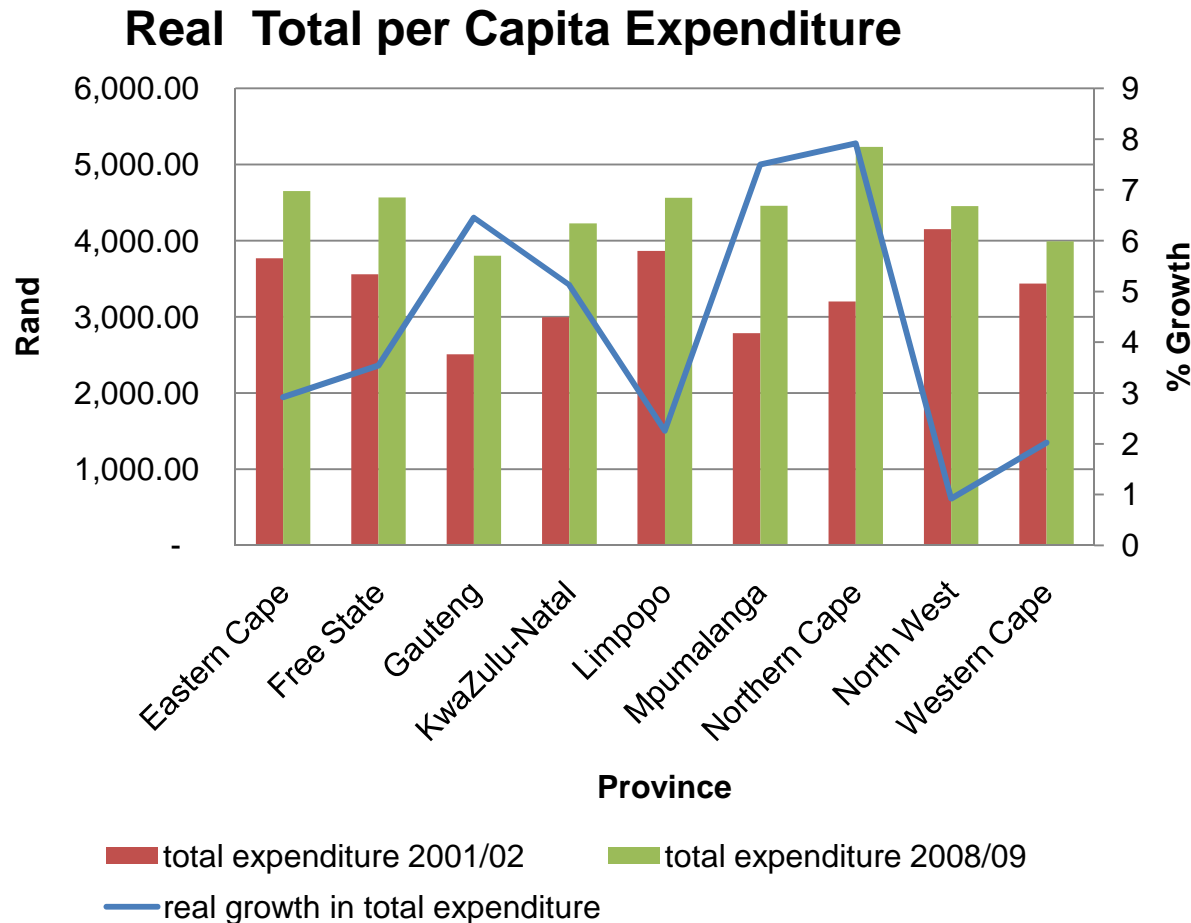
Per capita expenditure by province



Per capita expenditure lowest compared to other provinces



Expenditure continued



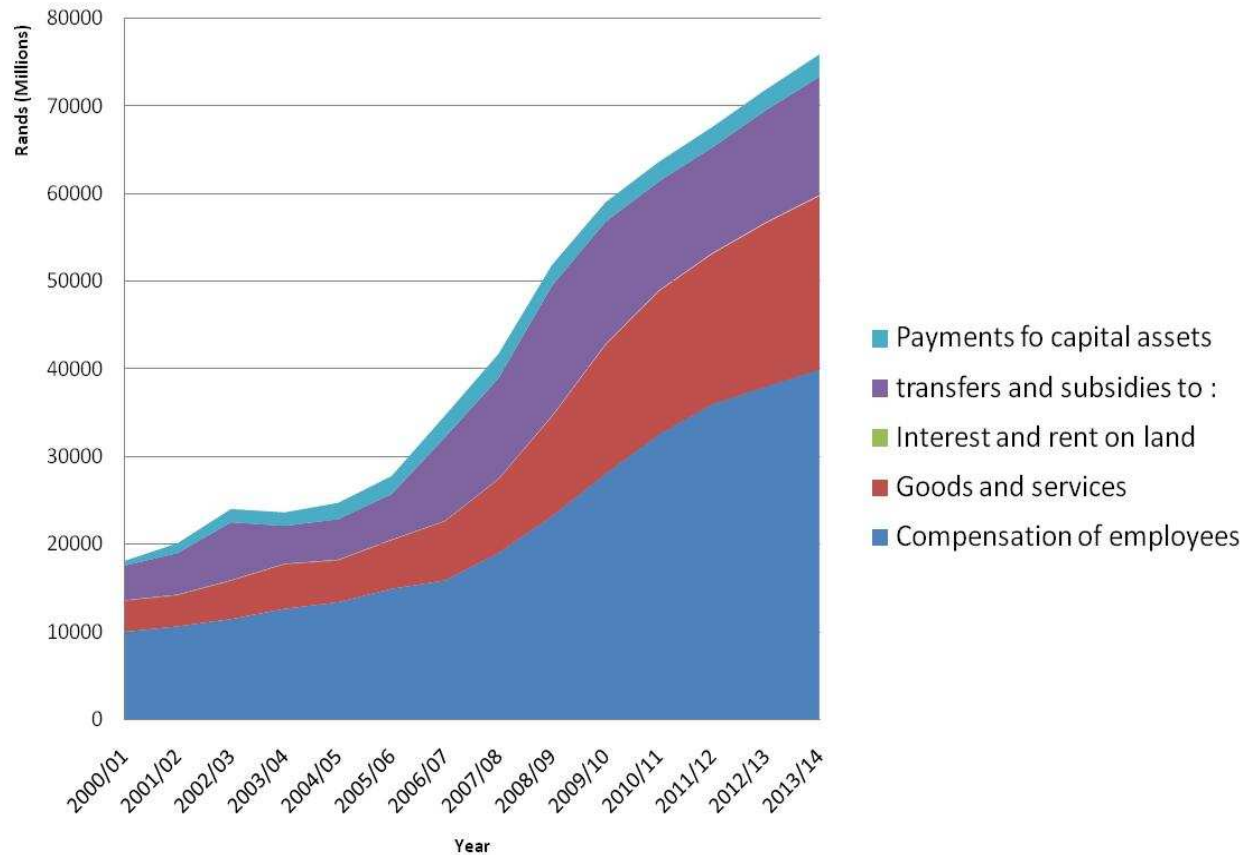
Real per capita expenditure also relatively low in Gauteng but real growth rate between 2001 and 2008 of the highest.



Expenditure continued



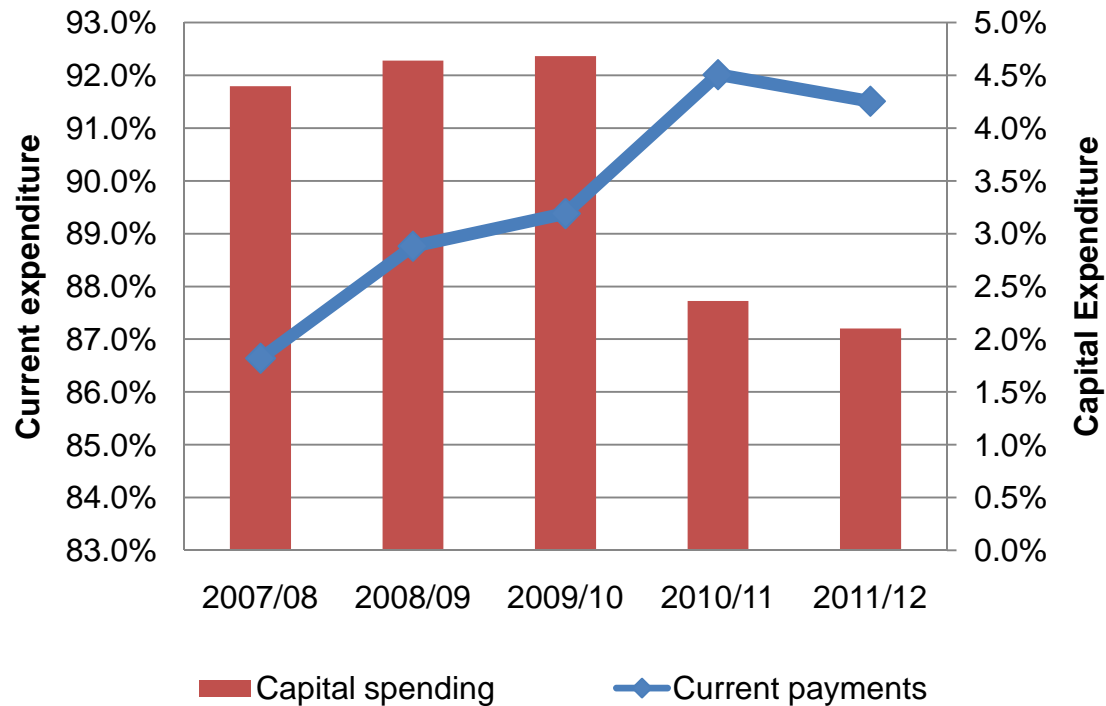
Expenditures by category (2000/01 - 2013/14)



Major portion of expenditure flows to salaries - increase in tempo since 2006/07 but leveling off again as from 2011/12

Expenditure continued

Current and Capital expenditure as % of total expenditure on Education



It is a concern to note that capital expenditure on educational infrastructure actually decreased as % of total expenditure since 2009/10



Concluding comments

- Gauteng dominant driver of the SA economy.
- The budget reflects fiscal sustainability with expenditures limited to revenue.
- Job creation will be effected but how? – specific incentives and its impact (apart from public works programs) not clear. Which sectors will be targeted? What kind of incentives will be implemented and would such a process be in co-operation with national government incentives?
- How would the incentives contribute towards creating a conducive environment for production expansion and employment by the private sector?
- Capital expenditure relatively low even compared to national share - which is low anyway.
- Capital expenditure in Education of particular concern despite allocation - given the increase in current (mainly salaries) expenditure.

