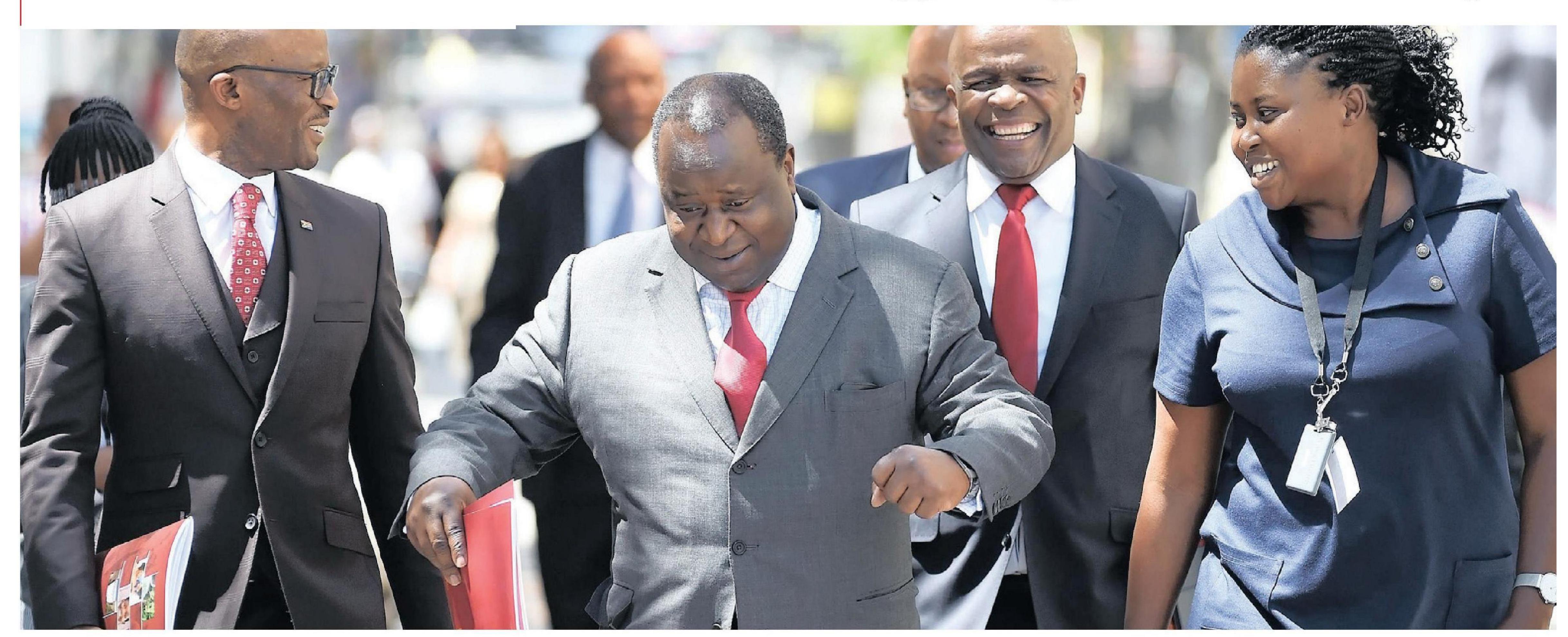
"We can spend our money better. Too much money goes missing. We must restore good governance and fight corruption in all its forms." Finance Minister Tito Mboweni

Mboweni warns of tough journey



Budget statement has a mix of sweeteners and bitter medicine to fix the economy

SIYABONGA MKHWANAZI, MAYIBONGWE MAQHINA and QUINTON MTYALA

FINANCE Minister Tito Mboweni has warned that the road to recovery from the recession that is wreaking economic havoc would be slow, in a plan that may include cutting the bloated cabinet from 70 to no more than 25 ministers and deputies.

Presenting his Medium Term Budget Policy Statement yesterday, Mboweni said the economy would grow at less than 1%, revenue would still have a shortfall of R27 billion and the debt would stabilise in 2022/23.

"I present this policy statement against the backdrop of a technical recession in South Africa.

"The economic expectations at the time of the Budget in February 2018 have not materialised. Since then, the risks to the global growth outlook have become more pronounced.

"Rising interest rates in the US and a stronger dollar reflect a strong US economy. In the medium term, strong US growth will support export growth," said Mboweni.

He said developing countries were now expected to grow by 4.7% in the 2018/19 period. South Africa's growth forecast has been revised down from 1.5% to 0.7% this year.

Mboweni said growth was expected

to recover gradually to more than 2% in 2021 as confidence returned and investment gathered pace.

He said recently concluded powerpurchase agreements would create an estimated 61 000 jobs and enable investment of R56bn.

"Through the renewable energy IPPs we have secured equity for local communities, who will receive about R29.3bn in net dividend income over the life of the projects. For recently signed projects, 53% is owned by South African shareholders, while black shareholders own 34% of the equity," said Mboweni.

He said spending was projected to be R5.9 trillion over the medium term but that it would still grow faster than inflation. "This is a lot of money. We can do more with it," added Mboweni.

The government proposed a combination of "re-prioritisation, changes to grant structures and in-year allocations amounting to more than R50bn".

"Of this amount, re-prioritisation of R15.9bn goes towards infrastructure programmes, supporting industrialisation and the Expanded Public Works Programme." An additional R16.5bn of re-prioritisation would be allocated to various programmes, including funding to restore capacity at Sars.

Turn to page 2

MINISTER of Finance Tito Mboweni leads his team into the National Assembly where he delivered the Mid-term Budget. Next to him is his deputy Mondli Gungubele and director-general Dondo Mogajane. | PHANDO JIKELO African News Agency (ANA)



The rand which was bid at **R14.20** against the dollar before the Finance Minister's speech weakened to **R14.52** by 5pm, 1.69% weaker than on Tuesday.

TWITTER

Social media users hail zero-rated move

SIBONGILE MASHABA

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TWITTER users celebrated and congratulated Minister of Finance Tito Mboweni's announcement that sanitary pads, bread flour and cake flour would be zero-rated in six months.

Delivering his Mid-Term Budget speech, Mboweni said he had received 3 299 tweets from users when he asked for advice from them.

@SimplyThandeka said: "Congratulations to all who have been campaigning for free sanitary pads in all schools! My only worry now is that tender system corrupt are going to charge the nation R50 a pad. I'm not kidding. You know these peeps #MTBPS2018."

@Lbabsie wrote: "Budget speech: so

much to clap and be joyful about. Just to mention a few that affect everyday life: data, free sanitary pads for poorer school, no VAT for pads and flour."

@JasonHalfon said: "Making sanitary pads tax free is possibly one of the only things this current government can be proud of. Those developed countries who have yet to do this – heads should be bowed down in shame. #MTBPS2018."

Mboweni was also praised for announcing that the government would work towards reducing data costs and improving its quality.

@Janera_ said: "So far, #Tito-Mboweni has not said anything that hasn't been said before. The bit about bringing down data costs is hopeful, it will assist entrepreneurs and SMEs, but our govt has a history of talking a lot and implementing little. Amaze us, Min Mboweni. #MTBPS2018."

@sthebeMC tweeted: "@tito_ mboweni there must be data subsidy and decrease of petrol. Sanitary pads must be provided for free to every girl. Condoms including maxx must be sold."

Other users were however not happy that Mboweni called on motorists to pay for e-tolls.

Nelson Mandela's personal aide and author @ZeldalaGrangeSA tweeted: "I will not pay e-tolls until the money set aside in preparation of the 2010 SWC for infrastructure, which largely went to overseas companies, and the rest looted, is recovered."

@smashaba

JUGGLING ACT

THE MID-TERM BUDGET AT A GLANCE



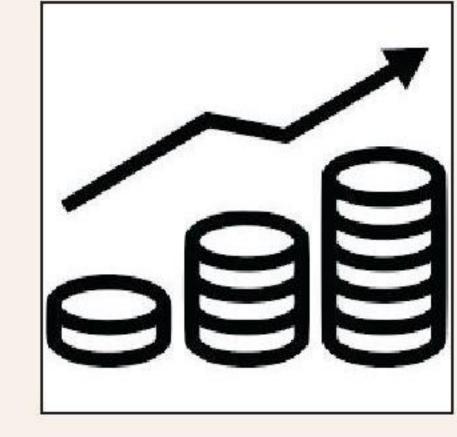
GDP FORECAST

National Treasury
expects the economy
to grow just a modest
0.7%, down from
the 1.5% that it had
forecast in February.



TAX COLLECTION

The finance minister believes revenue collection for 2018/19 will fall short by about R27.4 billion of the R1.345 trillion target.



STIMULUS

R50 billion has been allocated to reignite the economy from its first recession since the 2008 global financial crisis.



DEBT TO GDP

Gross government debt is expected to deteriorate from 55.1% of GDP in the 2018/19 financial year to 57.4% in 2020/21 period.



INFRASTRUCTURE

Public sector infrastructure spending for the mid-term period 2021/22 amounts to R855bn, similar to the R834bn in February.



EXPENDITURE

Government spending is expected to total R5.9 trillion over the period, growing at an average of 7.8% a year.