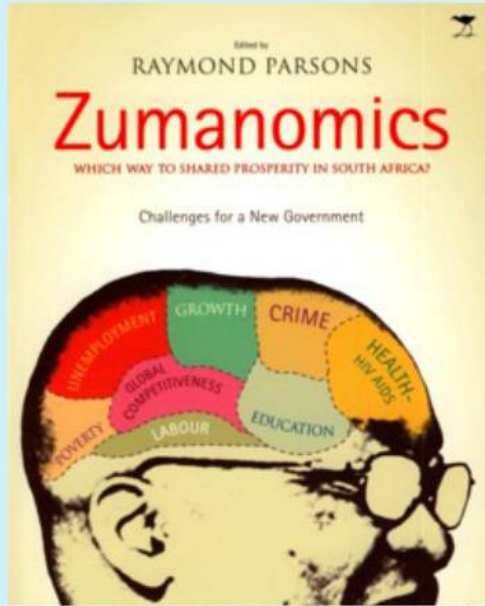
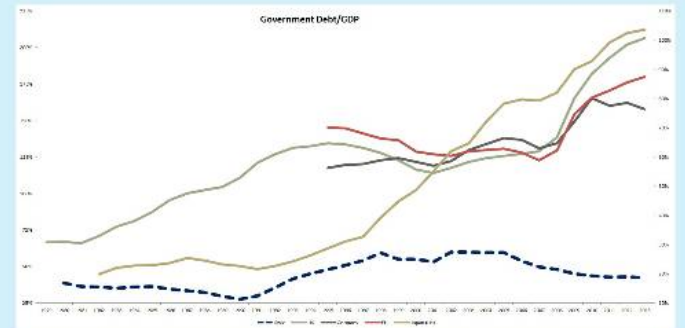
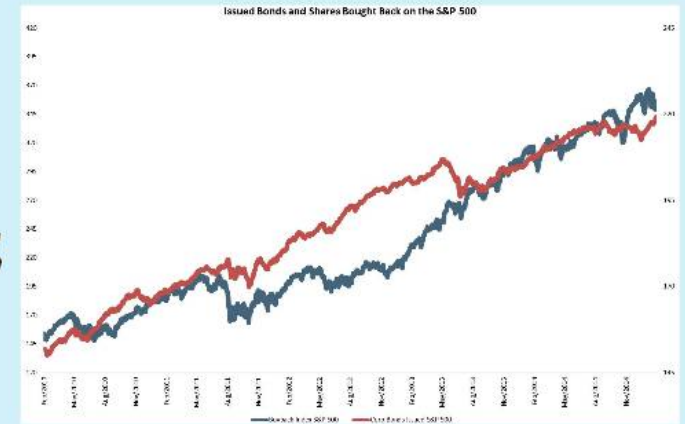


The Budget 2015/16

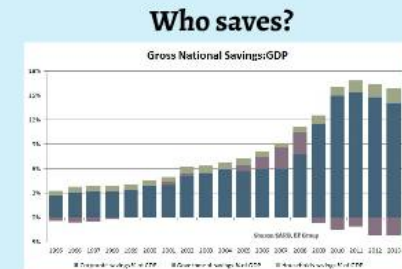
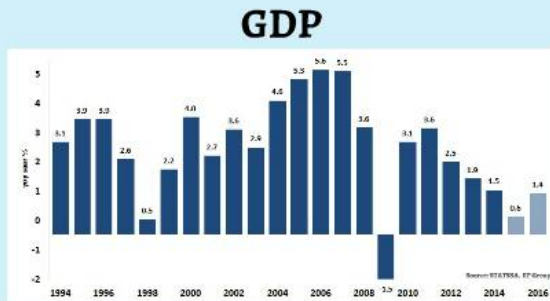
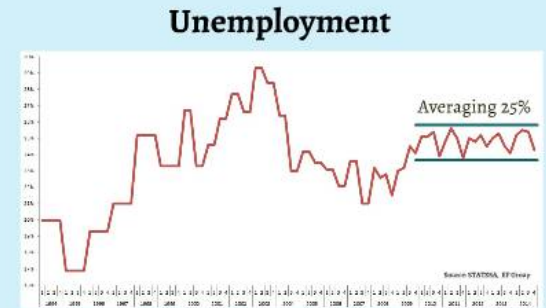
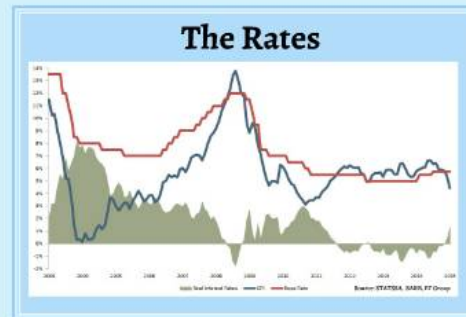
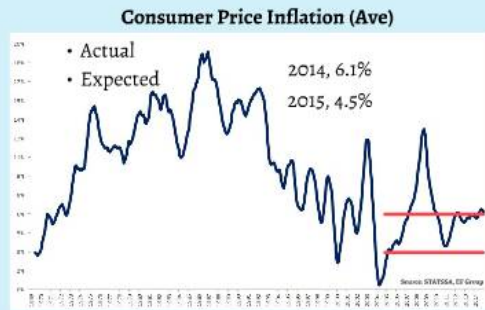


World Macro Outlook

- Strong US, UK
 - Not by Productive Means
 - The Great Correction?
- Weak EU, Japan, China?
- The Great Decoupling
 - Monetary Policy
 - Debt
 - Currency Wars Continue



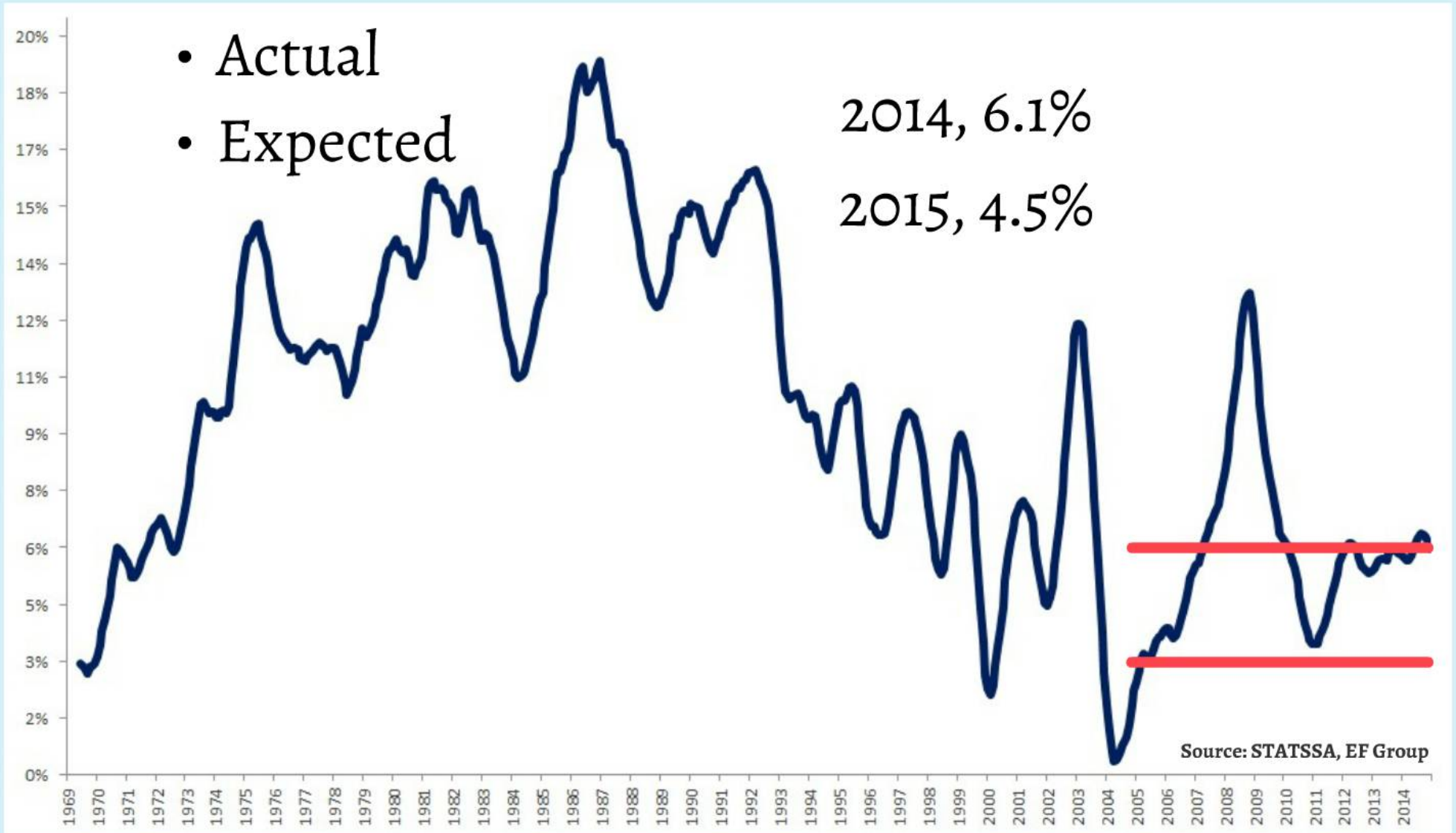
South Africa's Macro Picture



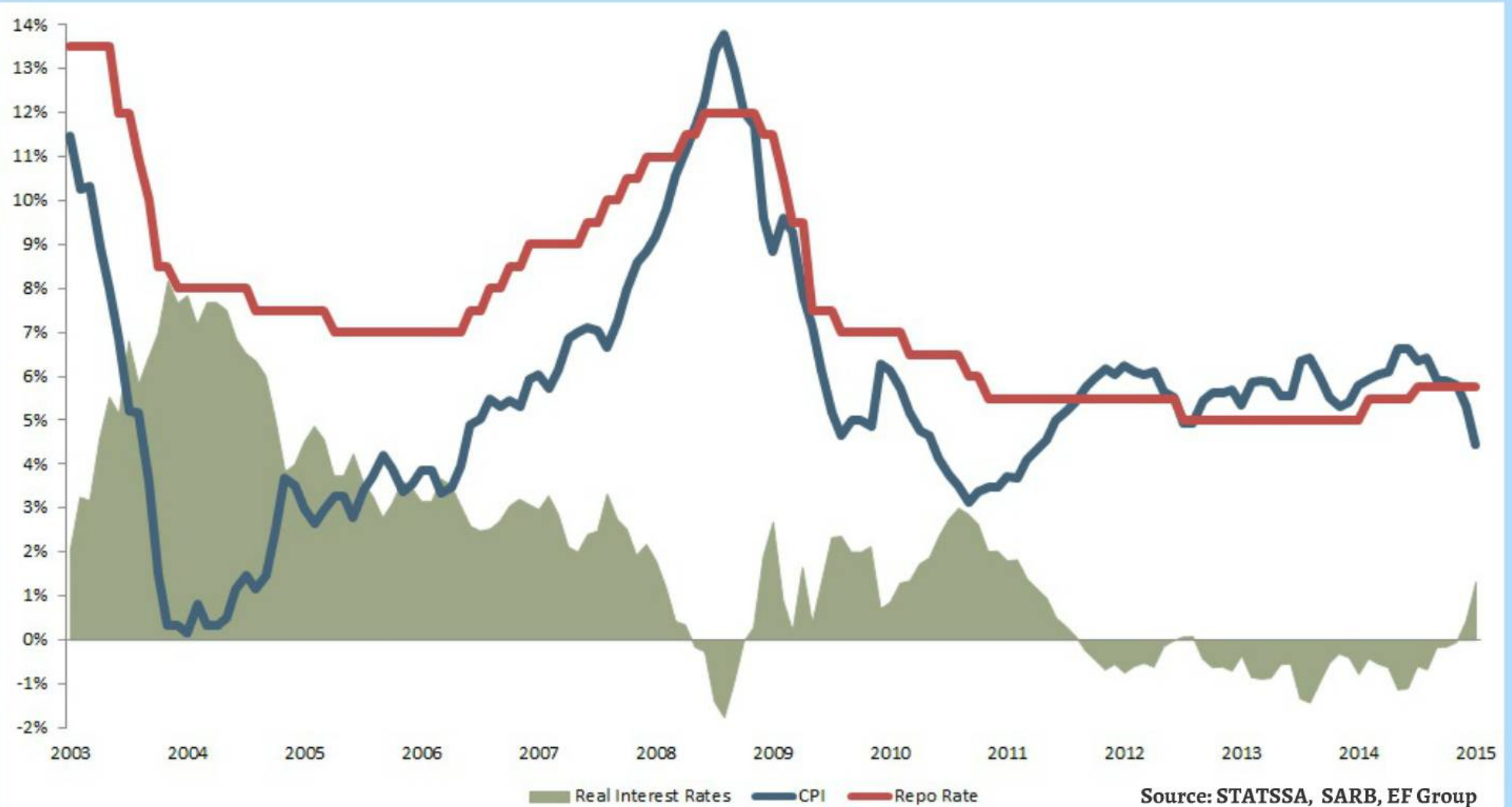
Efficient Group	vs	Treasury
• GDP		• GDP
• 2014, 1.3%	1.5%	• 2014, 2.8%
• 2015, 0.65%		• 2015, 2.0%
• Budget Deficit		• Budget Deficit
• 2015/16, 4.5%		• 2015/16, 4.1%
• CAD		• CAD
• 2015, -4.2%		• 2015, -4.5%
• Debt		• Debt
• 2015/16, 50.5%		• 2015/16, 47.7%

Source: National Revenue Inspectorate, EF Group

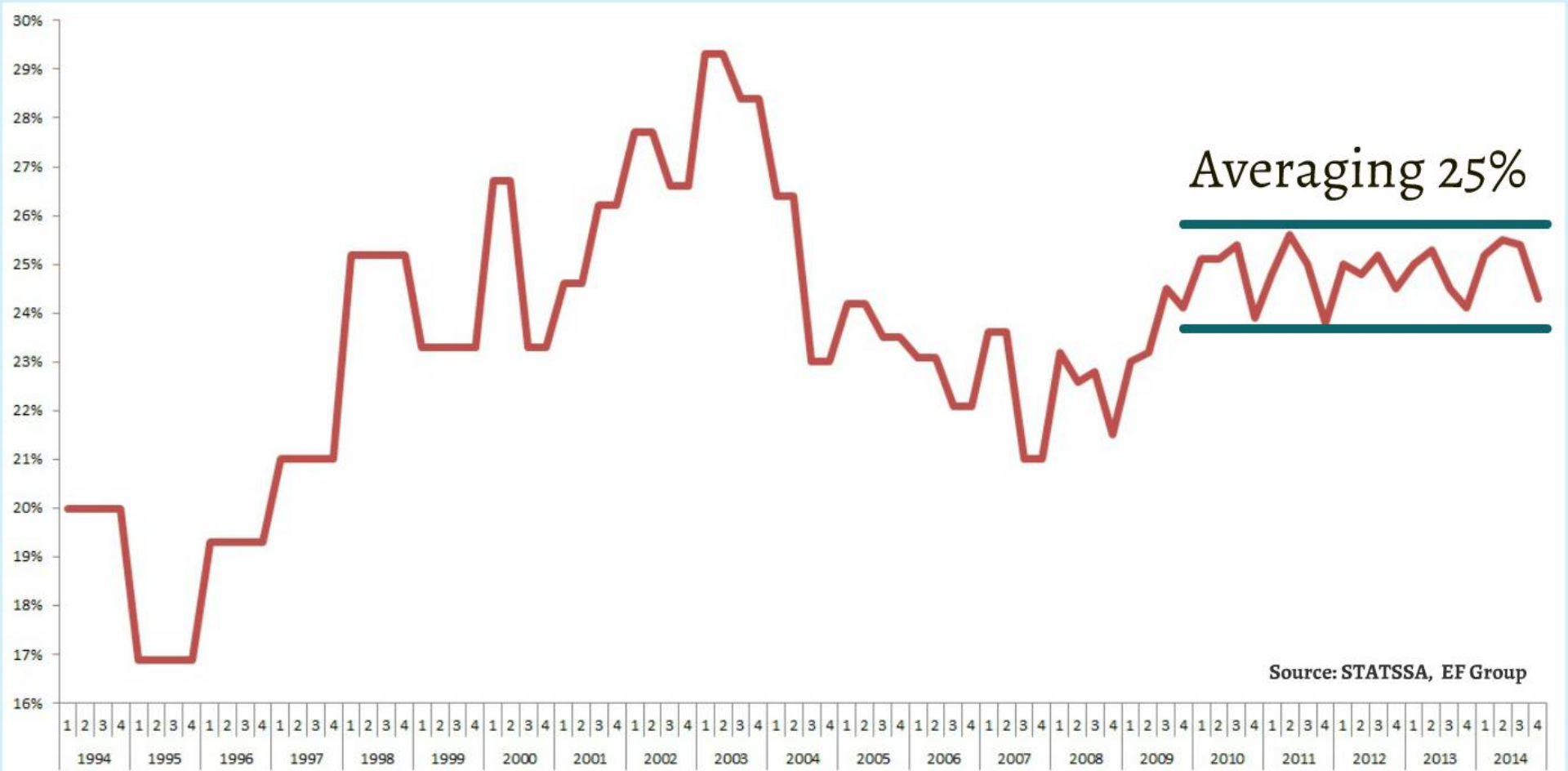
Consumer Price Inflation (Ave)



The Rates

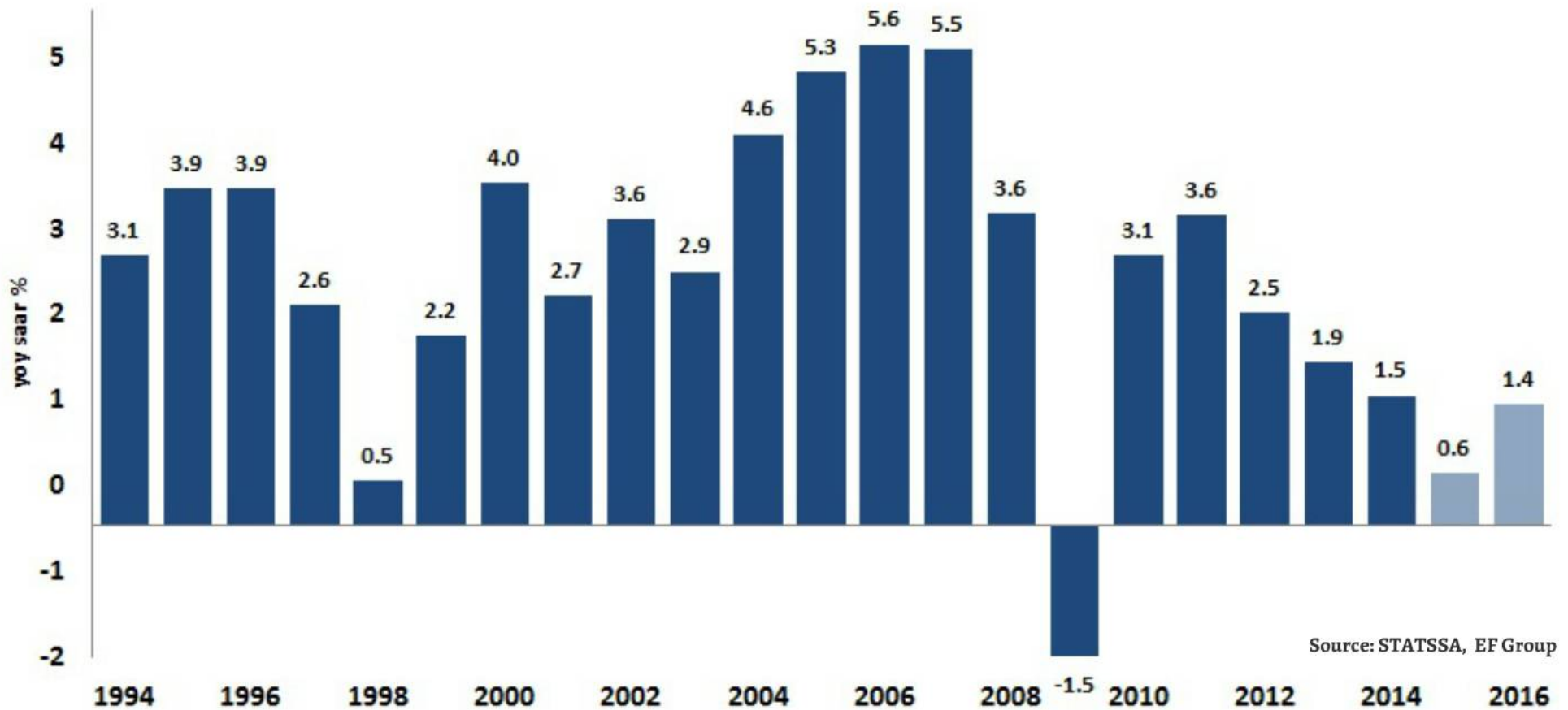


Unemployment

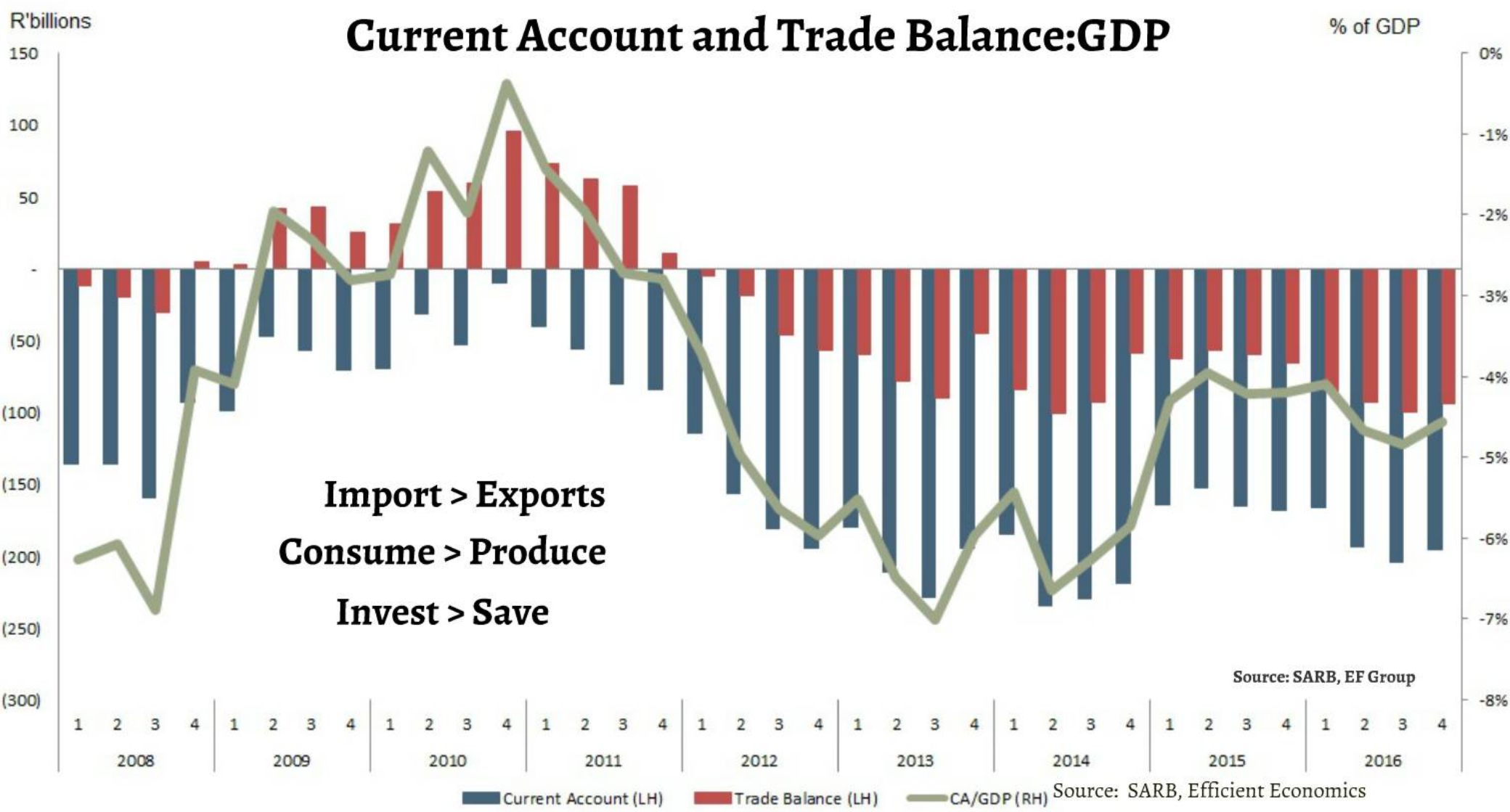


Source: STATSSA, EF Group

GDP

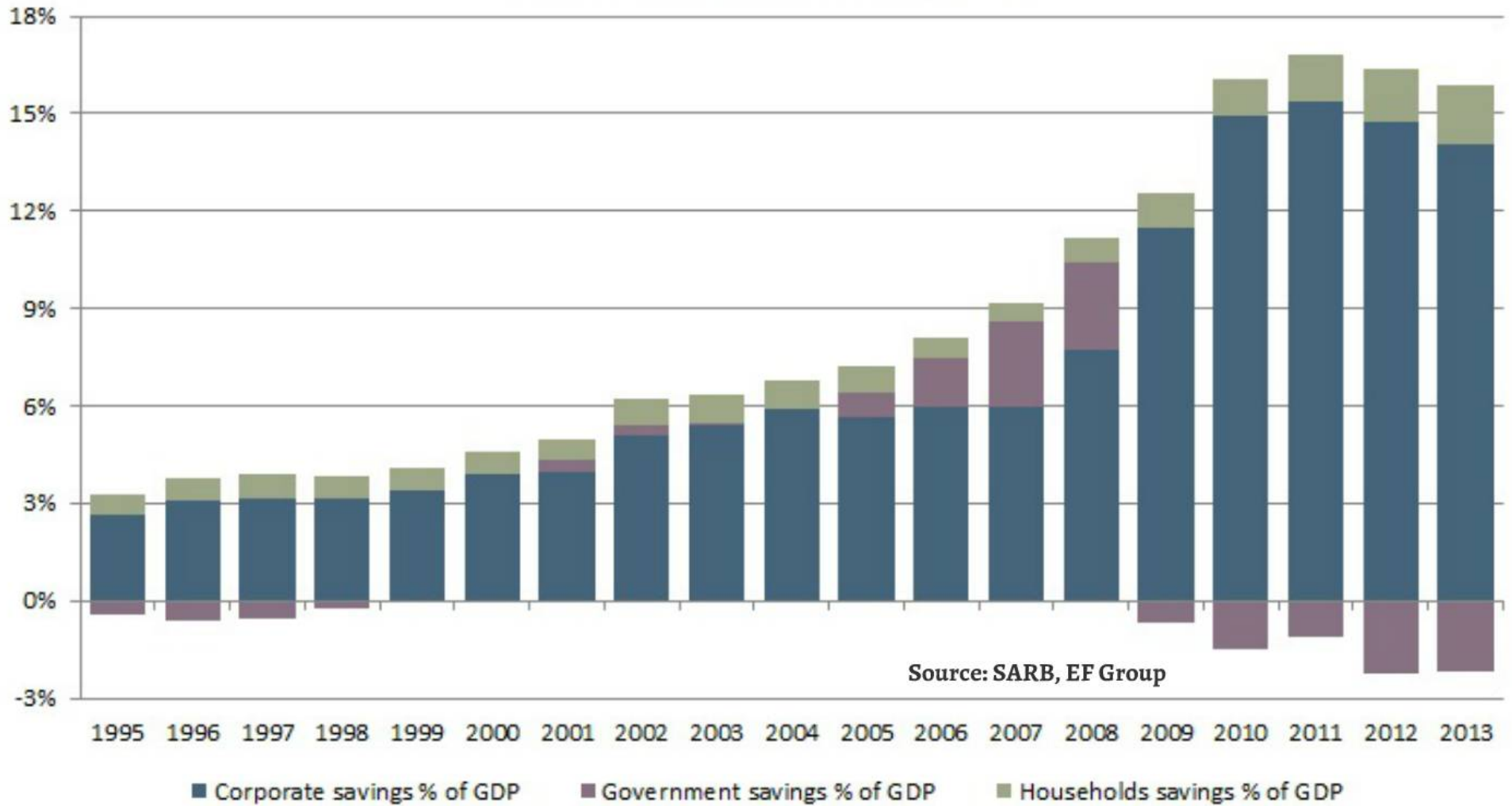


Current Account and Trade Balance:GDP



Who saves?

Gross National Savings:GDP



Efficient Group

vs

Treasury

- GDP

- 2014, 1.3%

- 2015, 0.65%

- Budget Deficit

- 2015/16, 4.5%

- CAD

- 2015, - 4.2%

- Debt

- 2015/16, 50.5%

- GDP

- 2014, 2.8%

- 2015, 2.0%

- Budget Deficit

- 2015/16, 4.1%

- CAD

- 2015, -4.5%

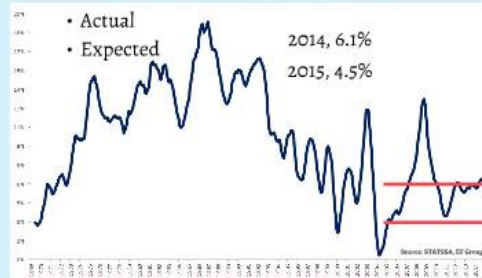
- Debt

- 2015/16, 47.7%

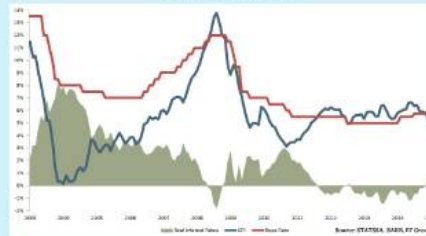
1.5%

South Africa's Macro Picture

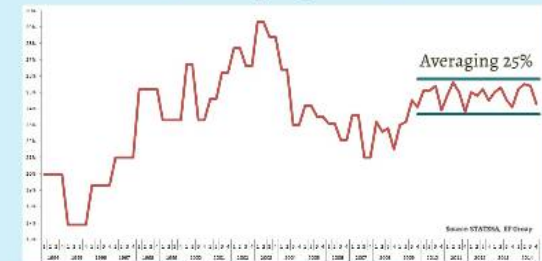
Consumer Price Inflation (Ave)



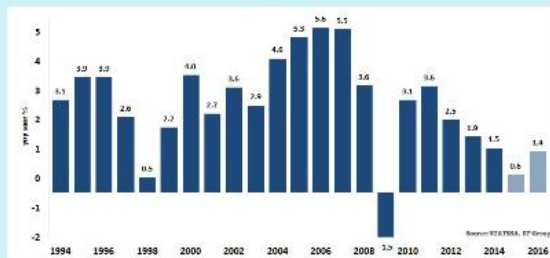
The Rates



Unemployment



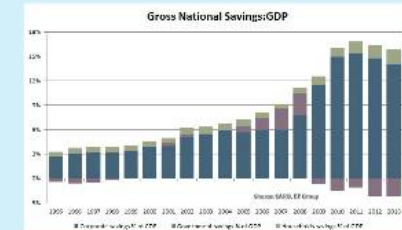
GDP



Current Account and Trade Balance:GDP



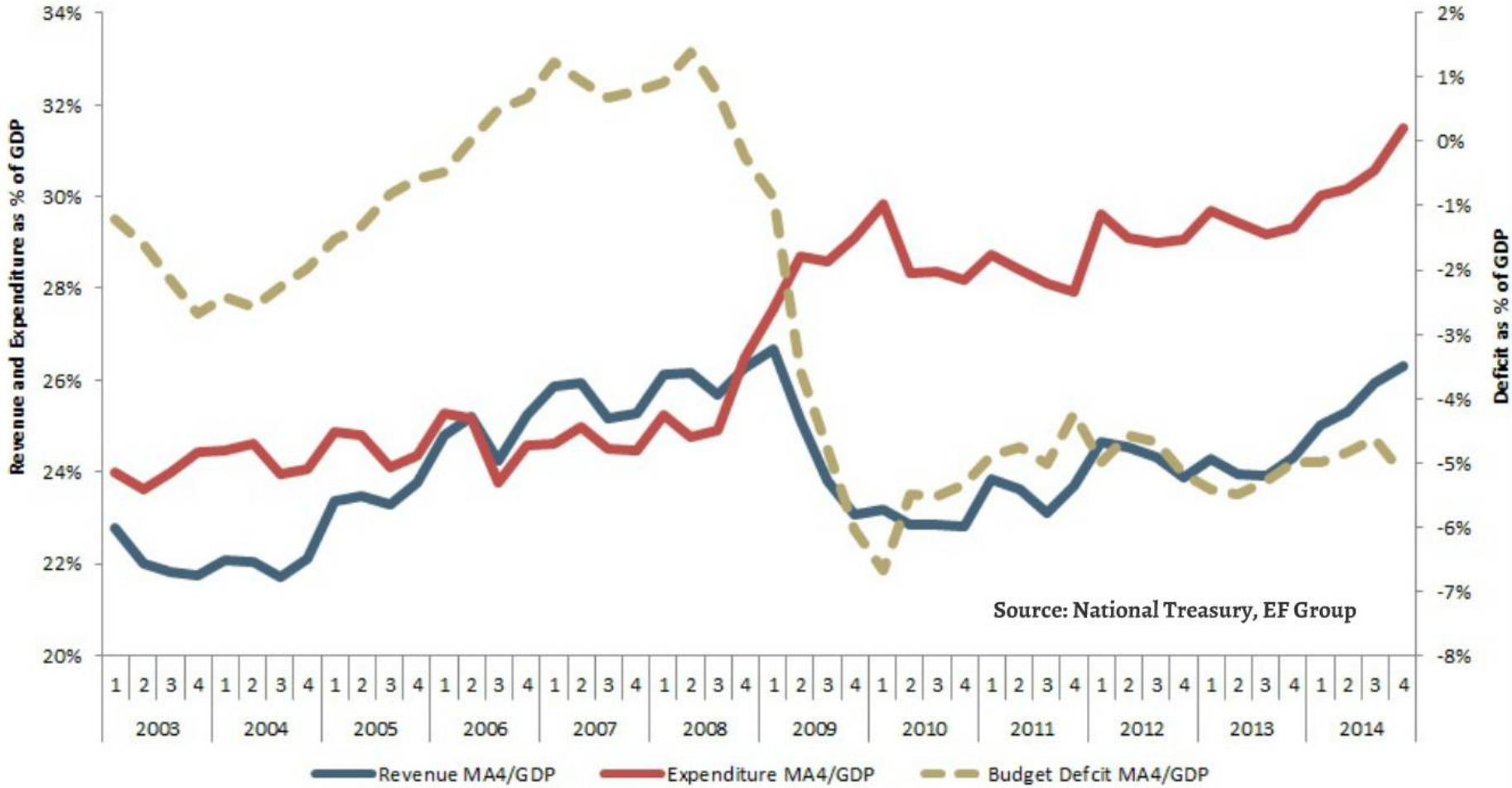
Who saves?



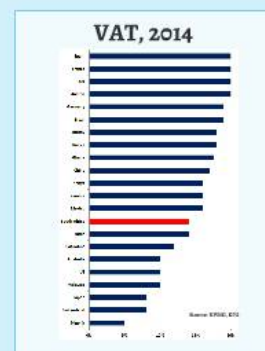
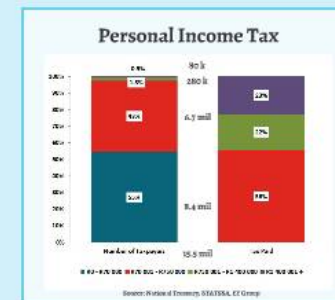
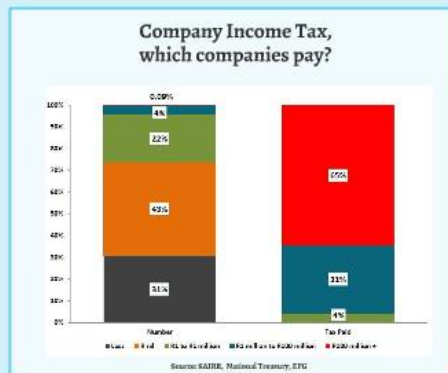
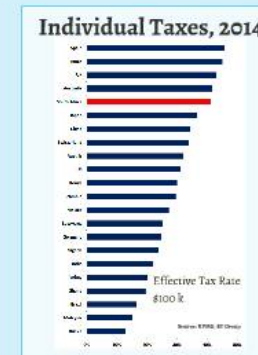
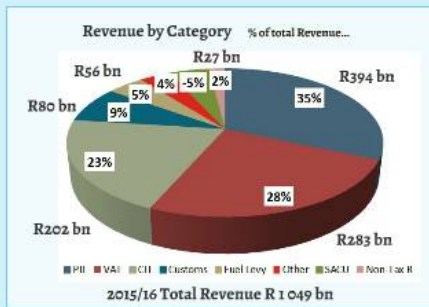
Efficient Group vs Treasury

- | | | |
|------------------|------|------------------|
| • GDP | 1.5% | • GDP |
| • 2014, 1.3% | | • 2014, 2.8% |
| • 2015, 0.65% | | • 2015, 2.0% |
| • Budget Deficit | | • Budget Deficit |
| • 2015/16, 4.5% | | • 2015/16, 4.1% |
| • CAD | | • CAD |
| • 2015, -4.2% | | • 2015, -4.5% |
| • Debt | | • Debt |
| • 2015/16, 50.5% | | • 2015/16, 47.7% |
- Source: National Revenue Inspectorate, EF Group

The Bigger Picture, Fiscal Finance/GDP



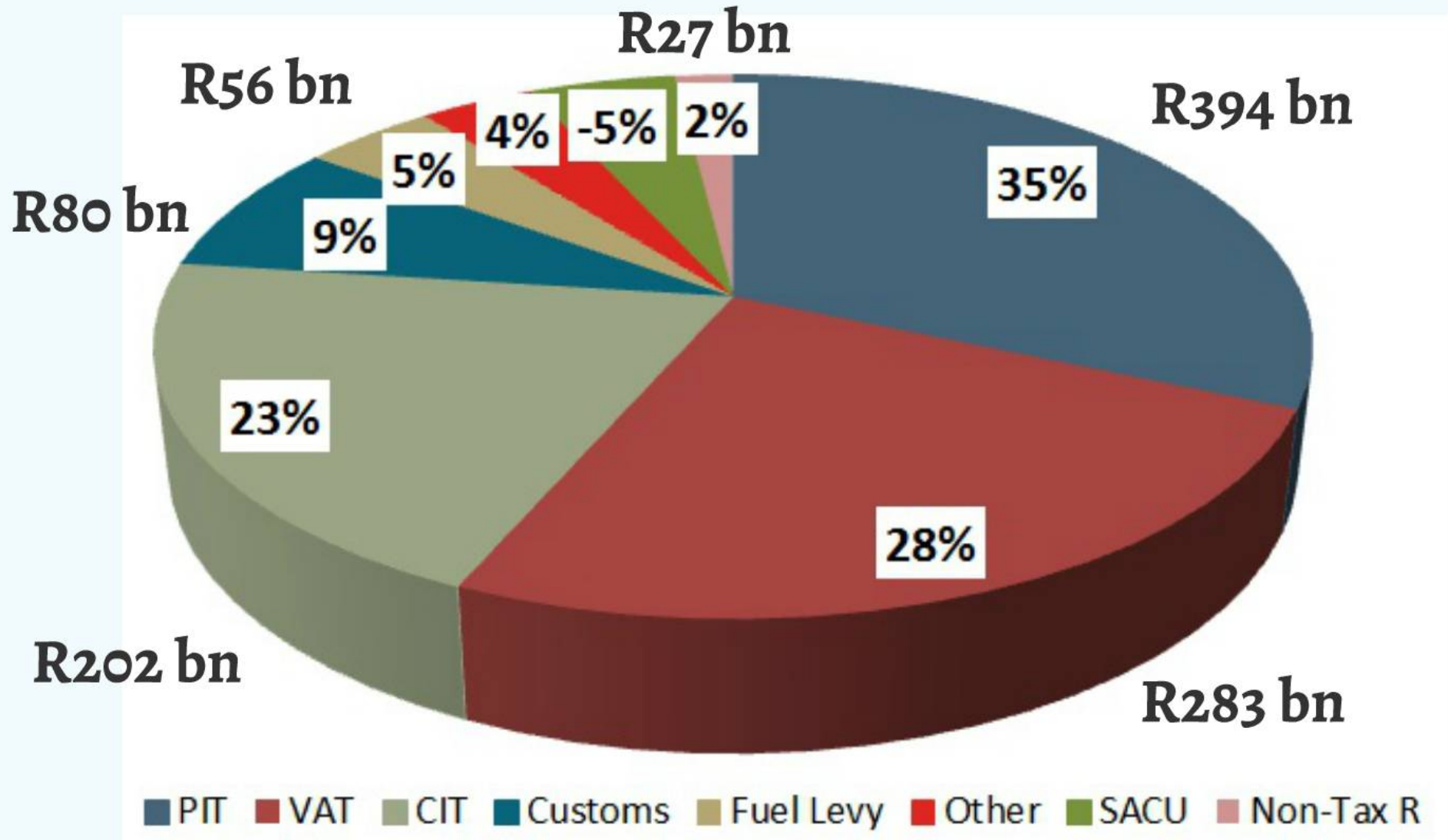
The Budget 2015/16, Revenue



Special Announcements: Revenue

- No real PIT increase (1% for everyone)
- Major increase in fuel levy/RAF (81c)
- Increase in transfer duties, R3 mil +
- Sin taxes
- No VAT hike, maybe later
- CIT small change
- Carbon Tax 2016 (Australia)

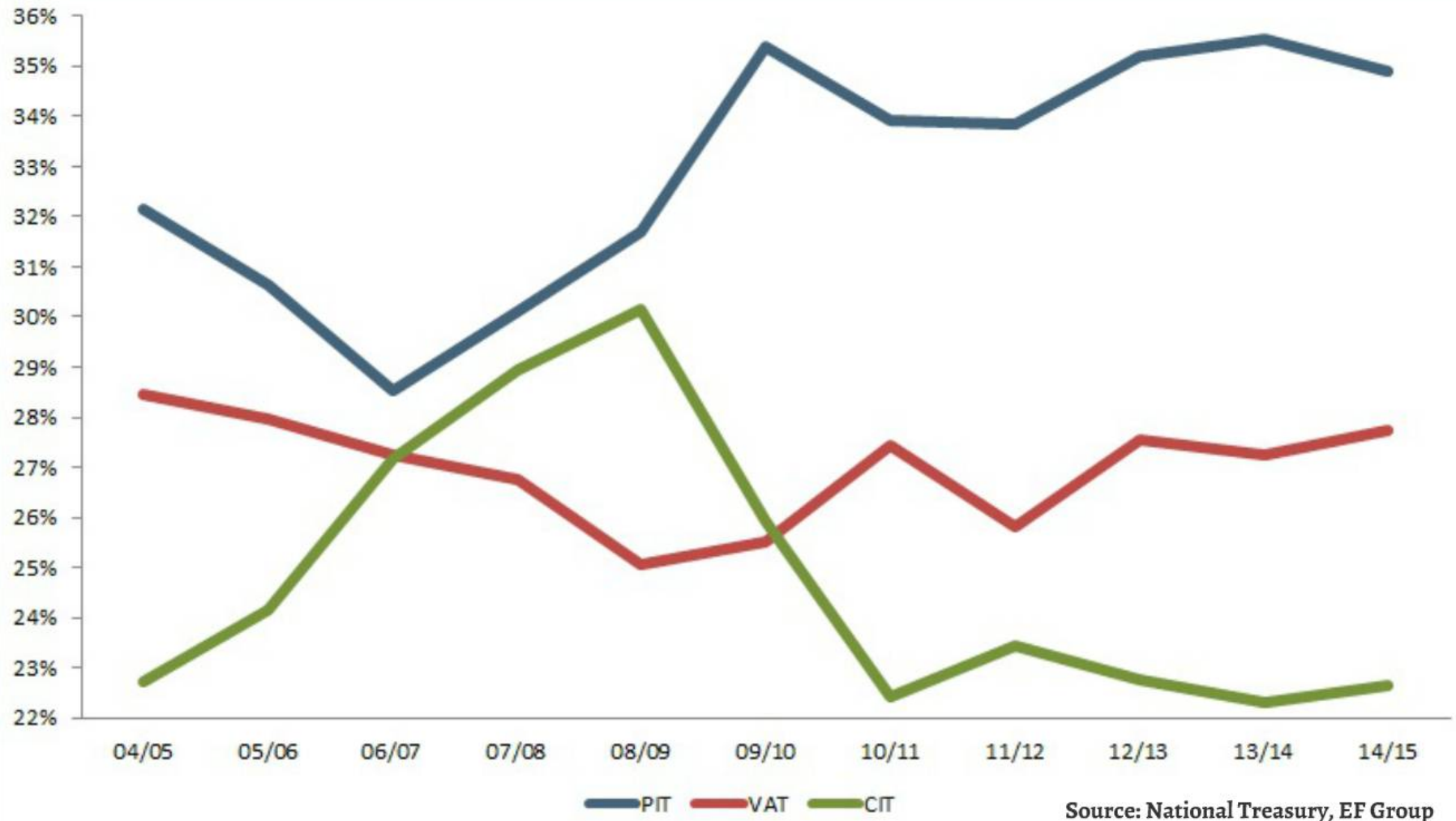
Revenue by Category % of total Revenue...



2015/16 Total Revenue R 1 049 bn

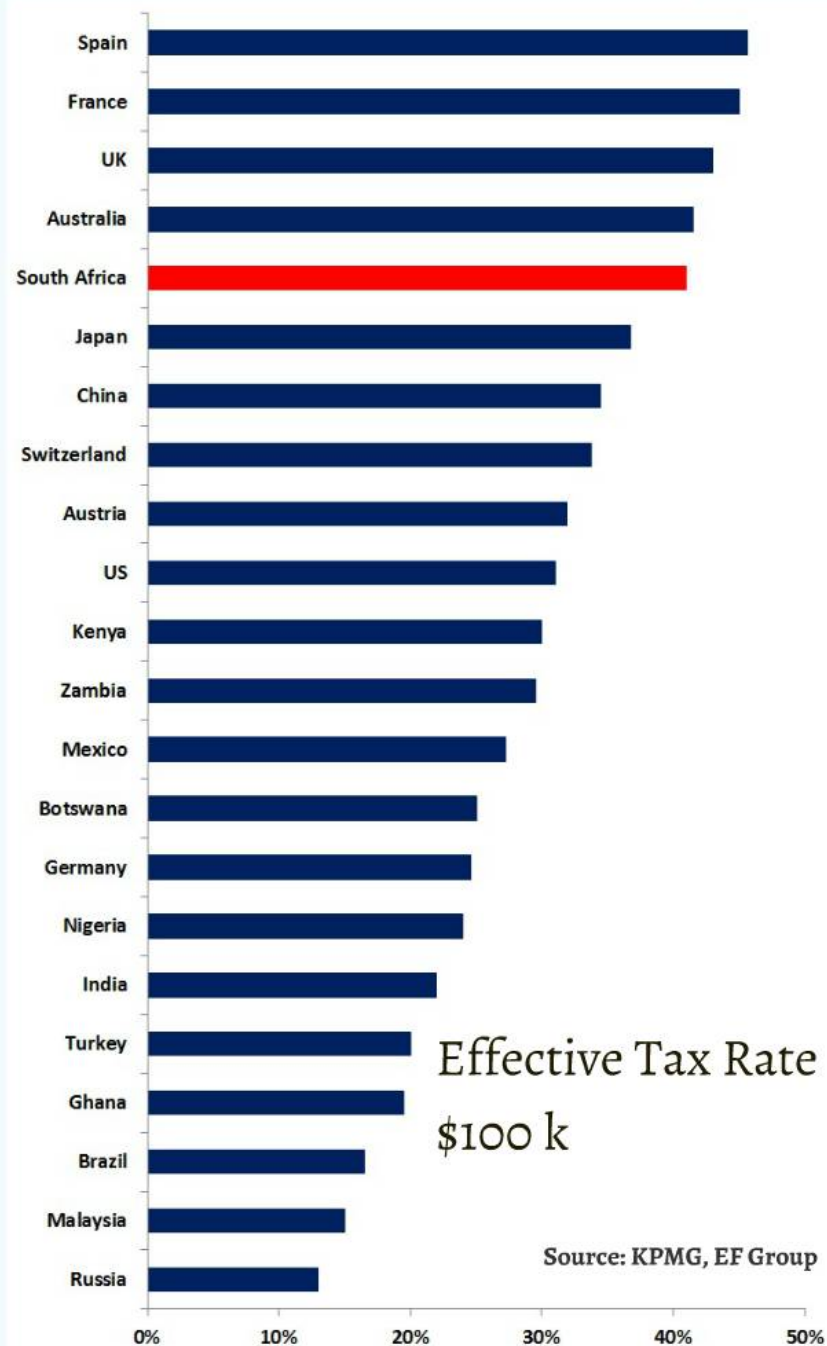
Share of Revenue

% of total Revenue...

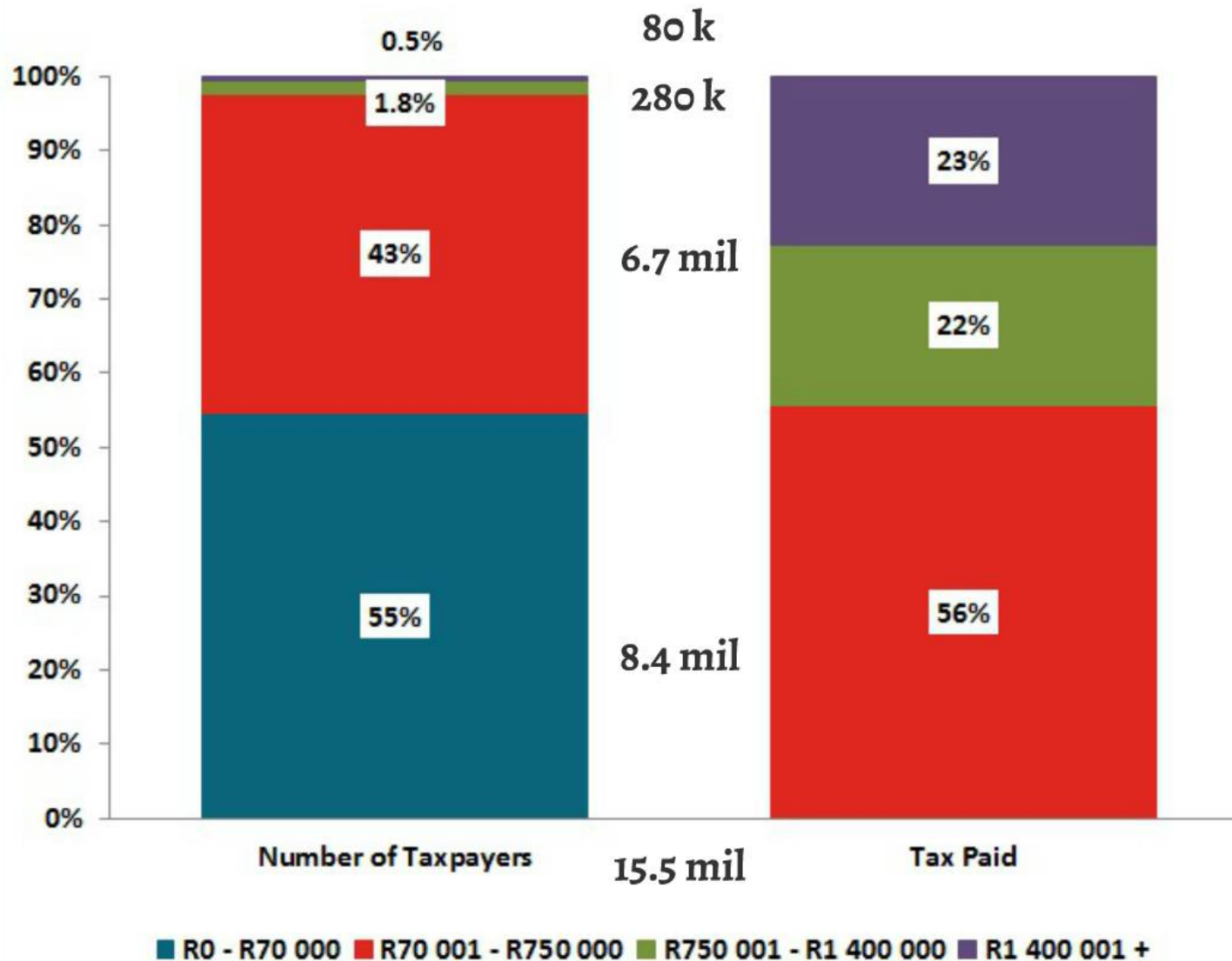


Source: National Treasury, EF Group

Individual Taxes, 2014

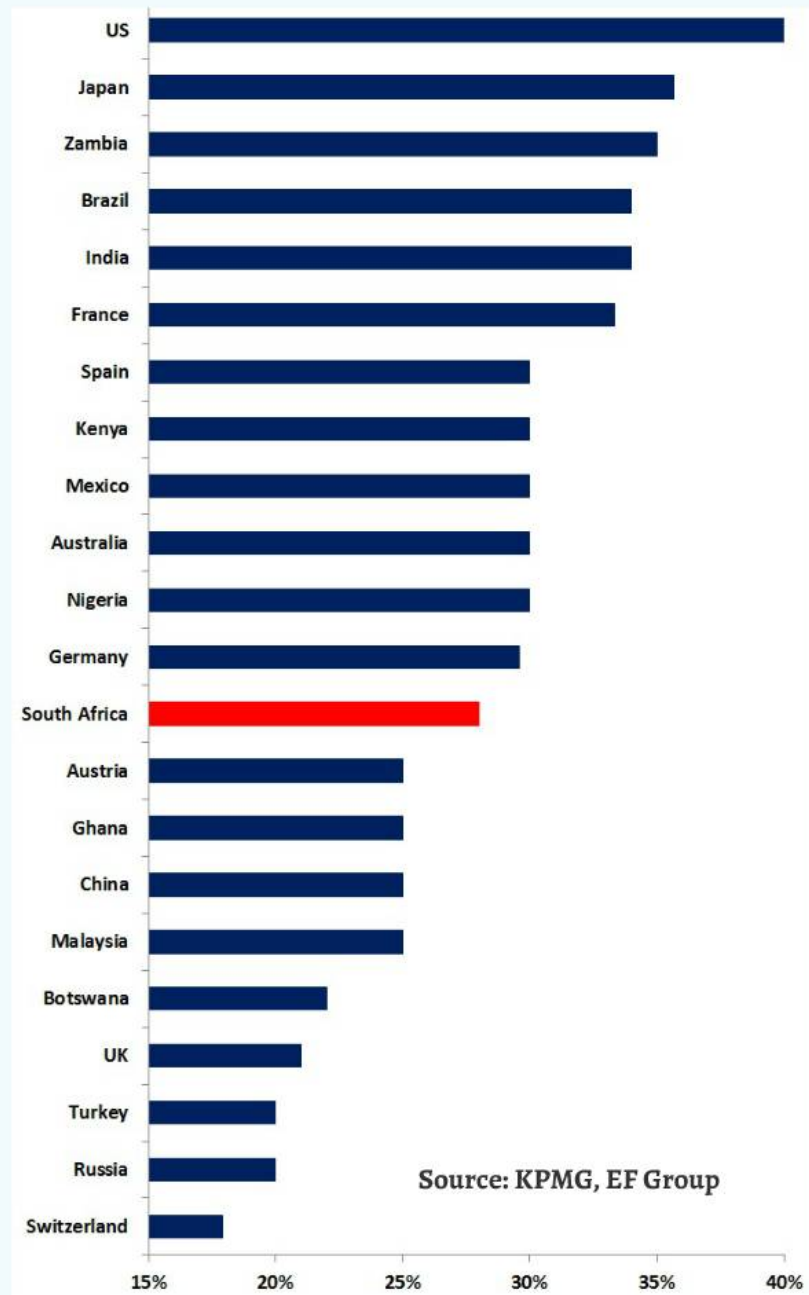


Personal Income Tax

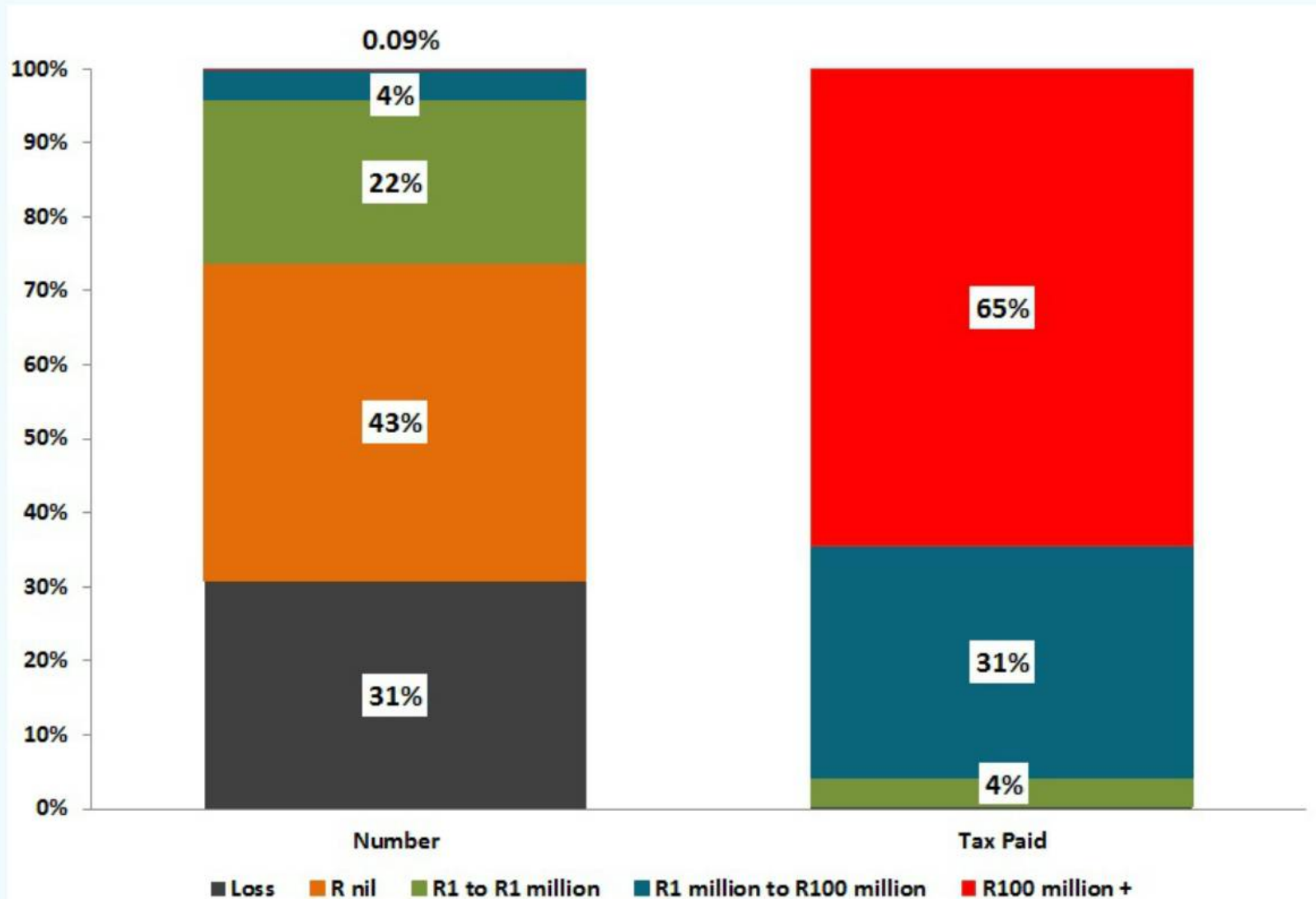


Source: National Treasury, STATSSA, EF Group

Corporate Taxes, 2014

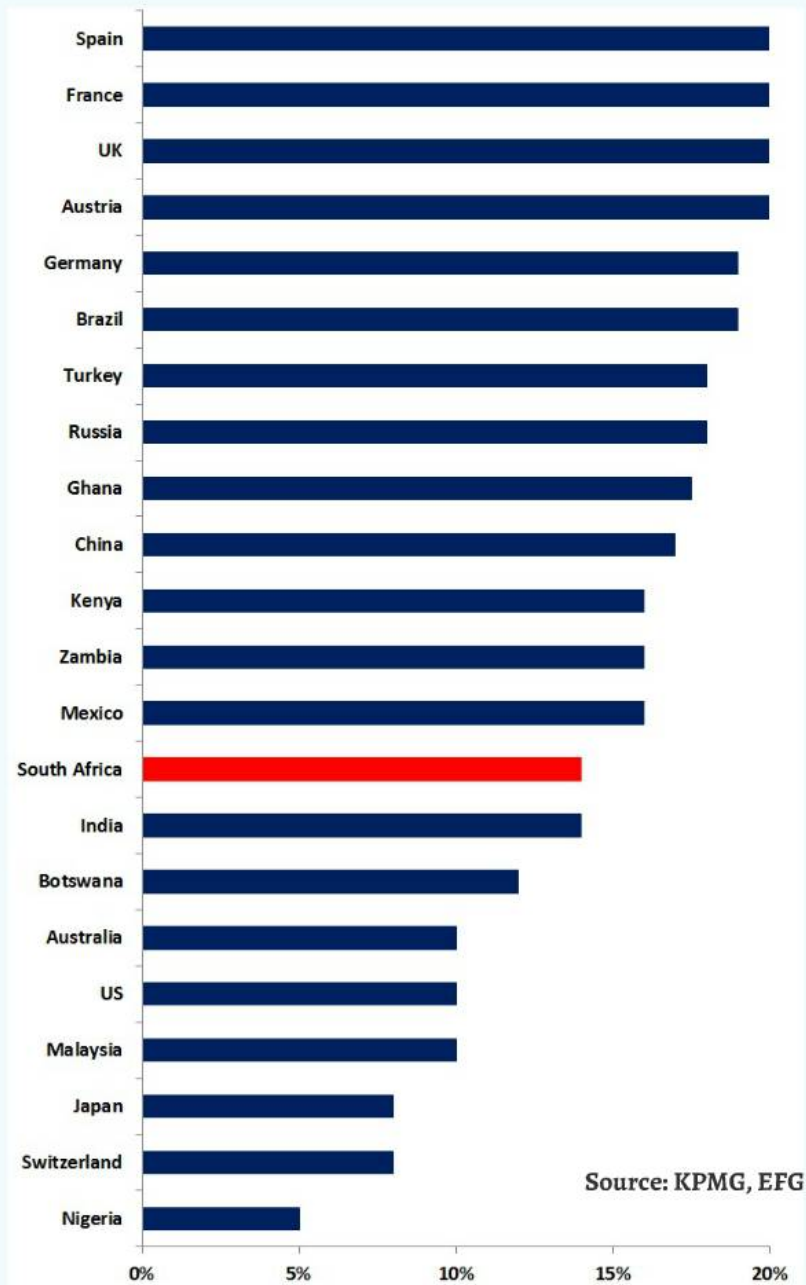


Company Income Tax, which companies pay?



Source: SAIRR, National Treasury, EFG

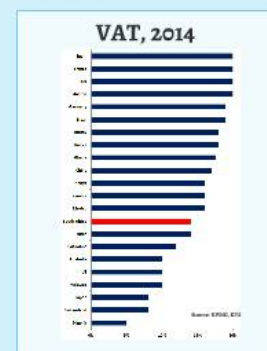
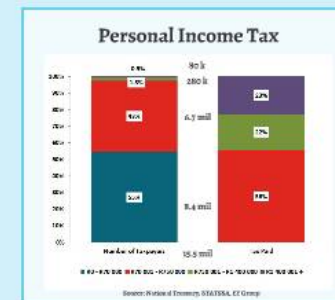
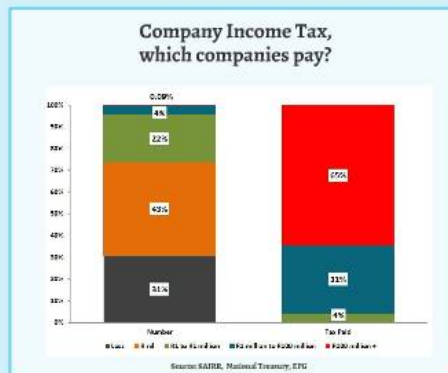
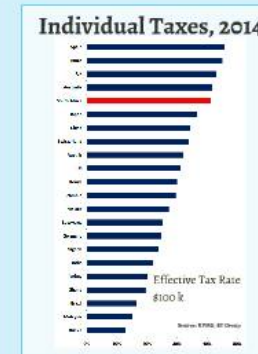
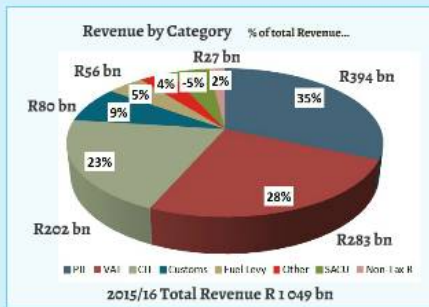
VAT, 2014



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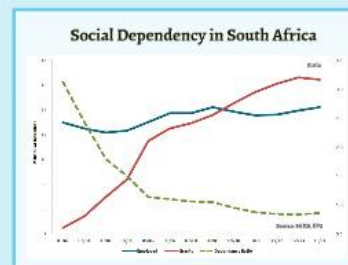
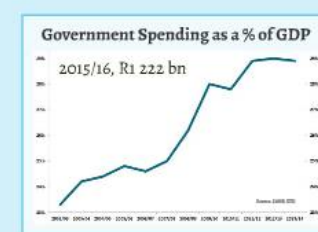
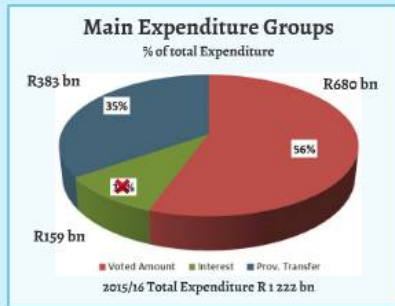
The Budget 2015/16, Revenue



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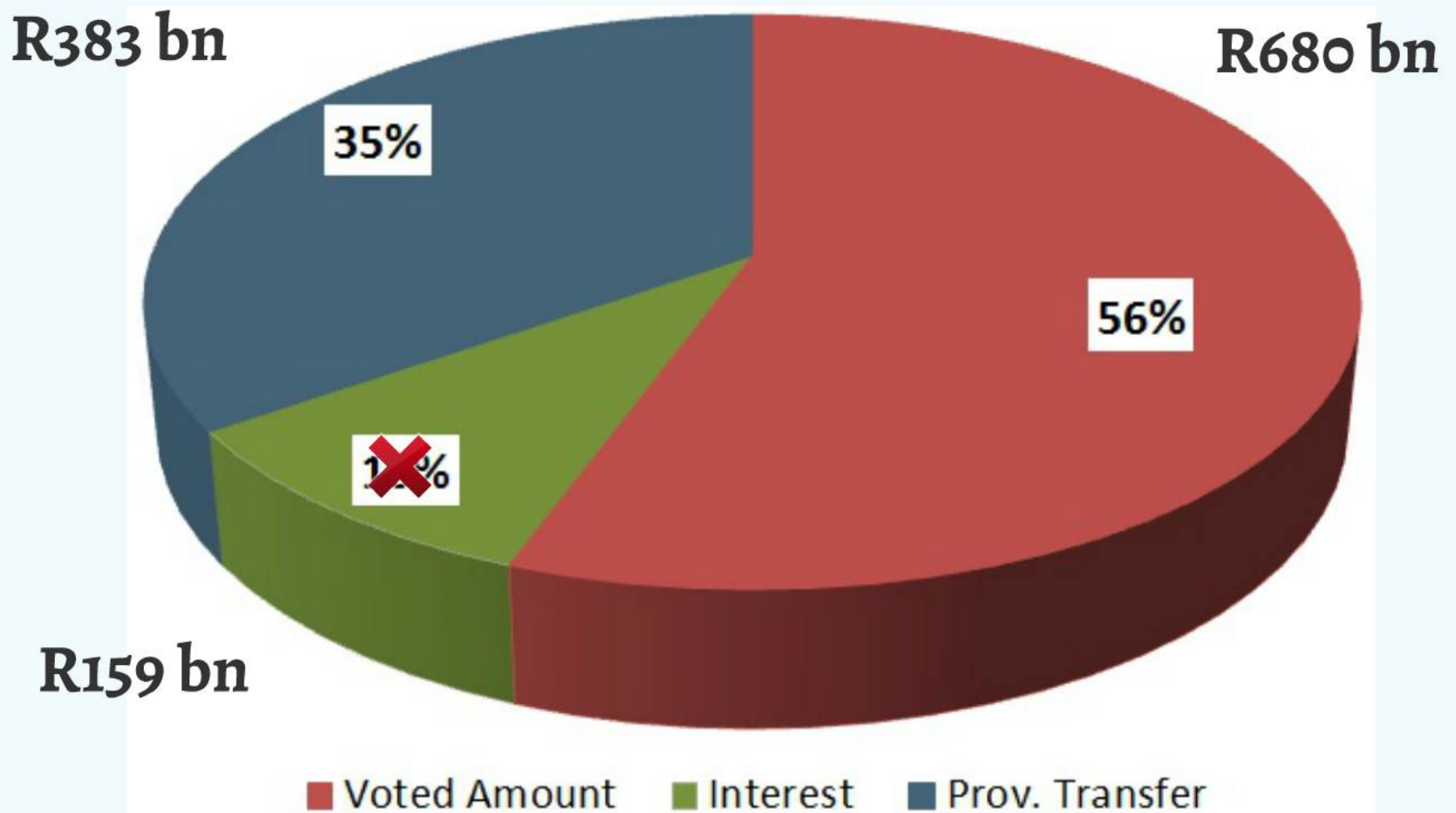
The Budget 2015/16, Expenditure



- ### Special Announcements Expenditure
- Cut R25 bn over 3 years...
 - Wage bill concern
 - Cut wasteful spending
 - NHI, white paper heading for cabinet

Main Expenditure Groups

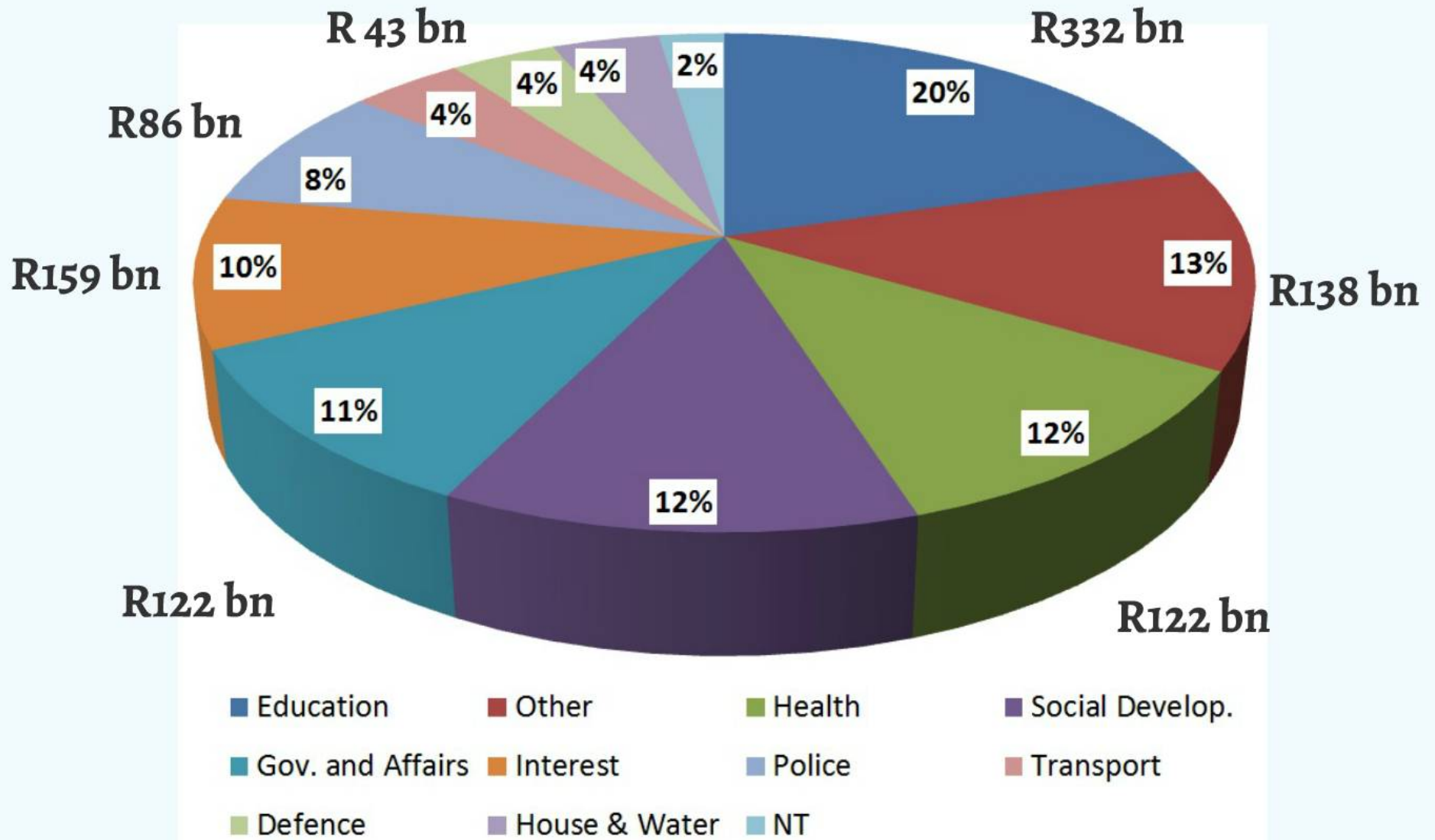
% of total Expenditure



2015/16 Total Expenditure R 1 222 bn

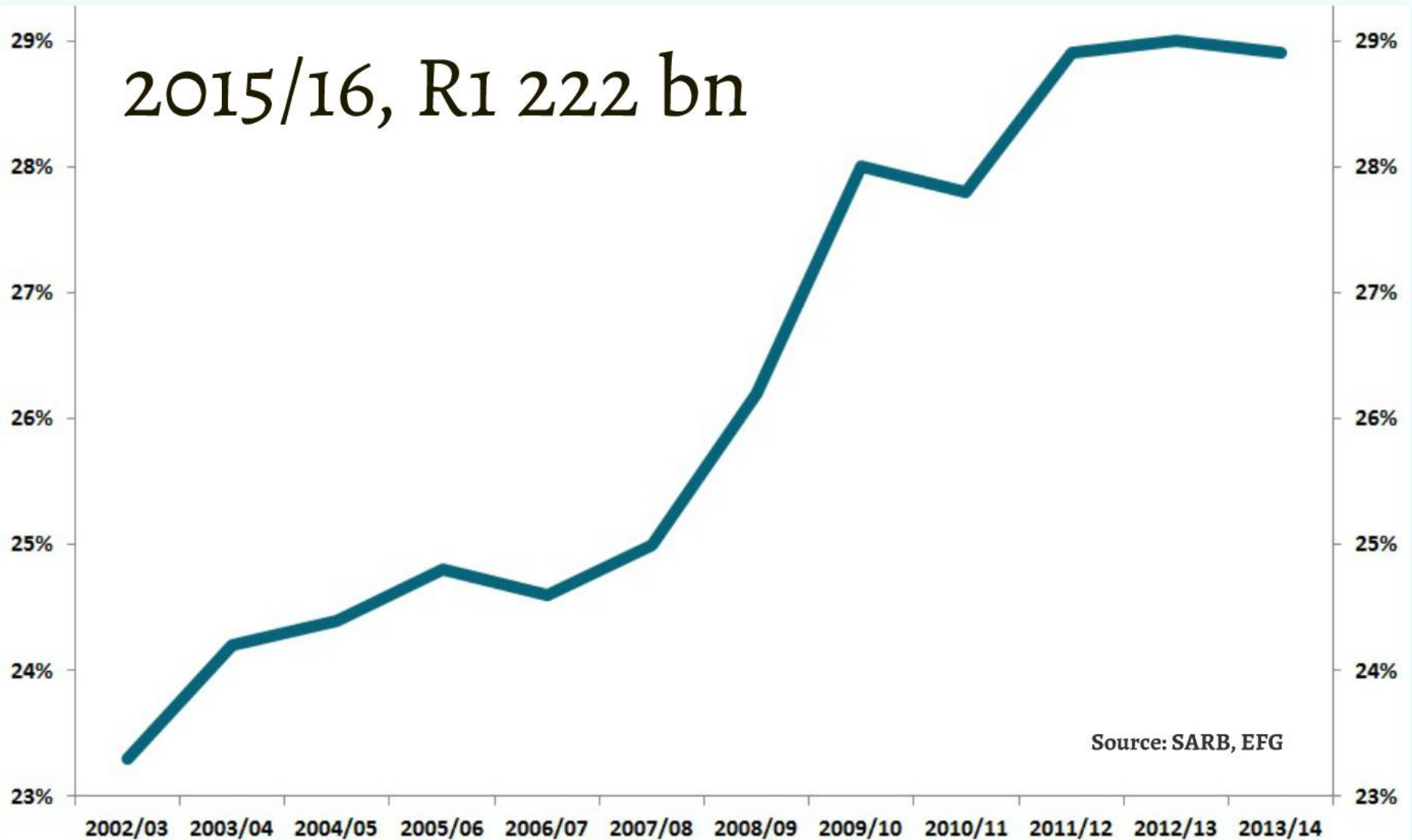
Spending by Extended Category

% of total Expenditure

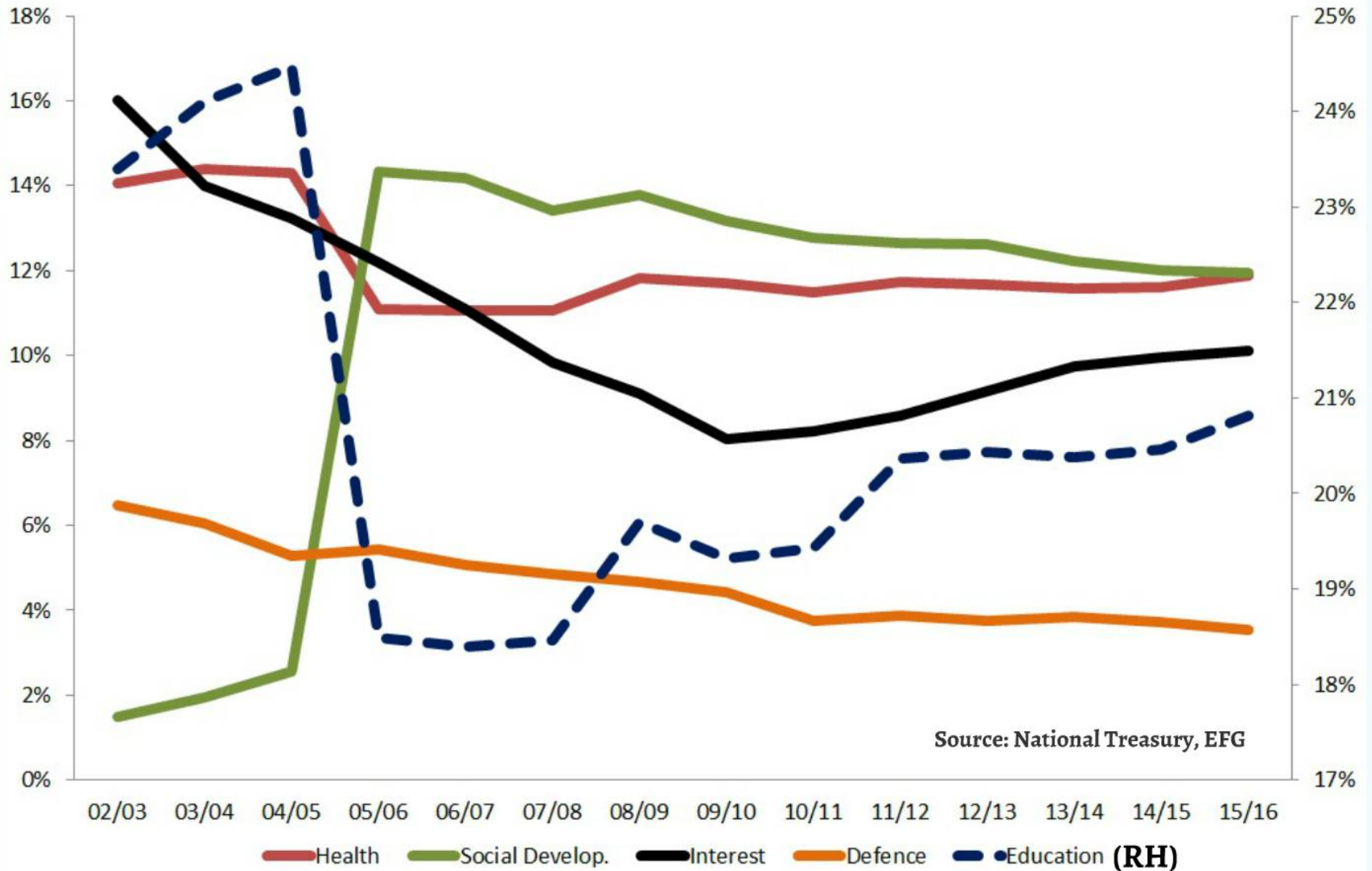


2015/16 Total Expenditure R 1 222 bn

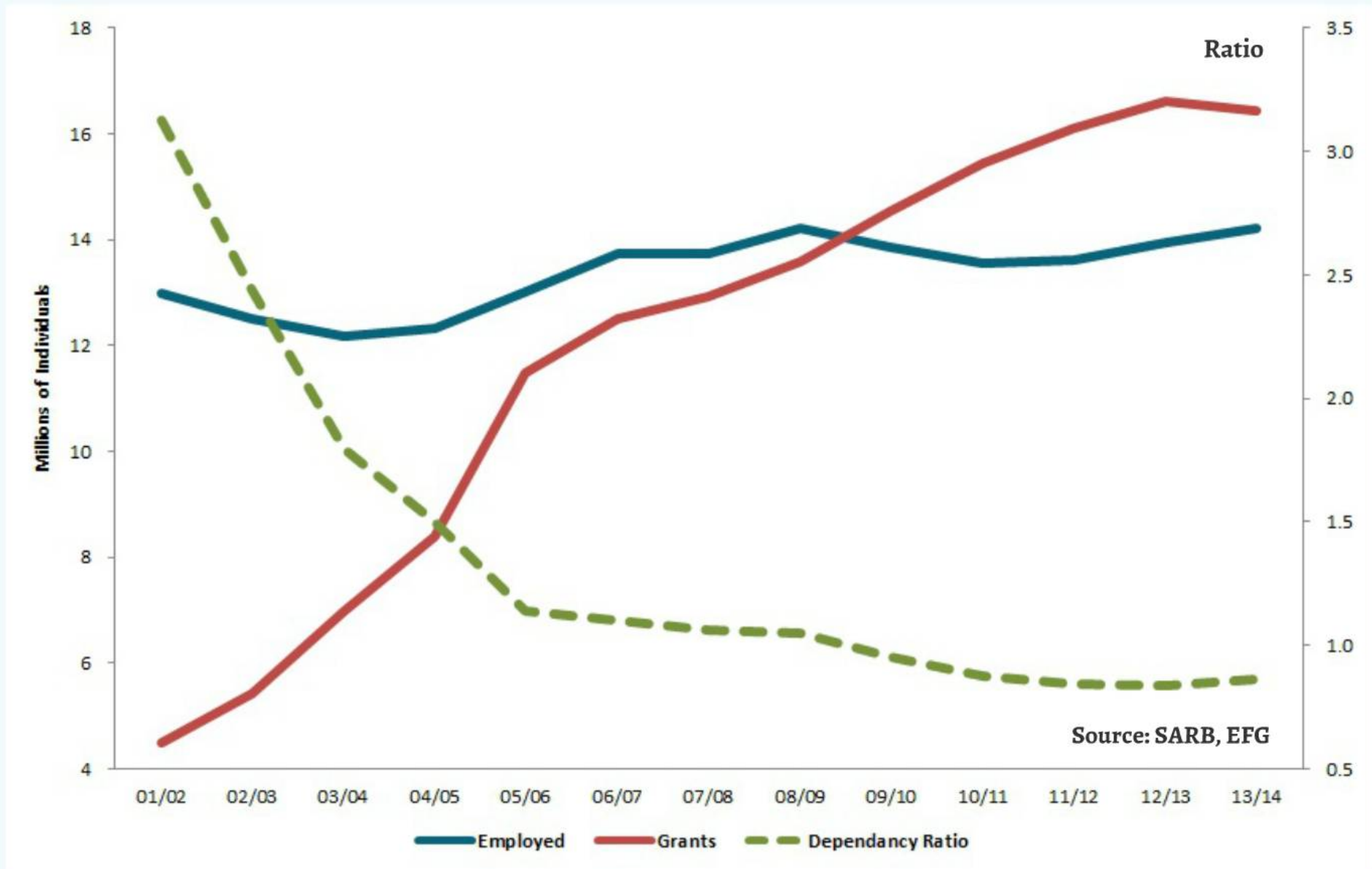
Government Spending as a % of GDP



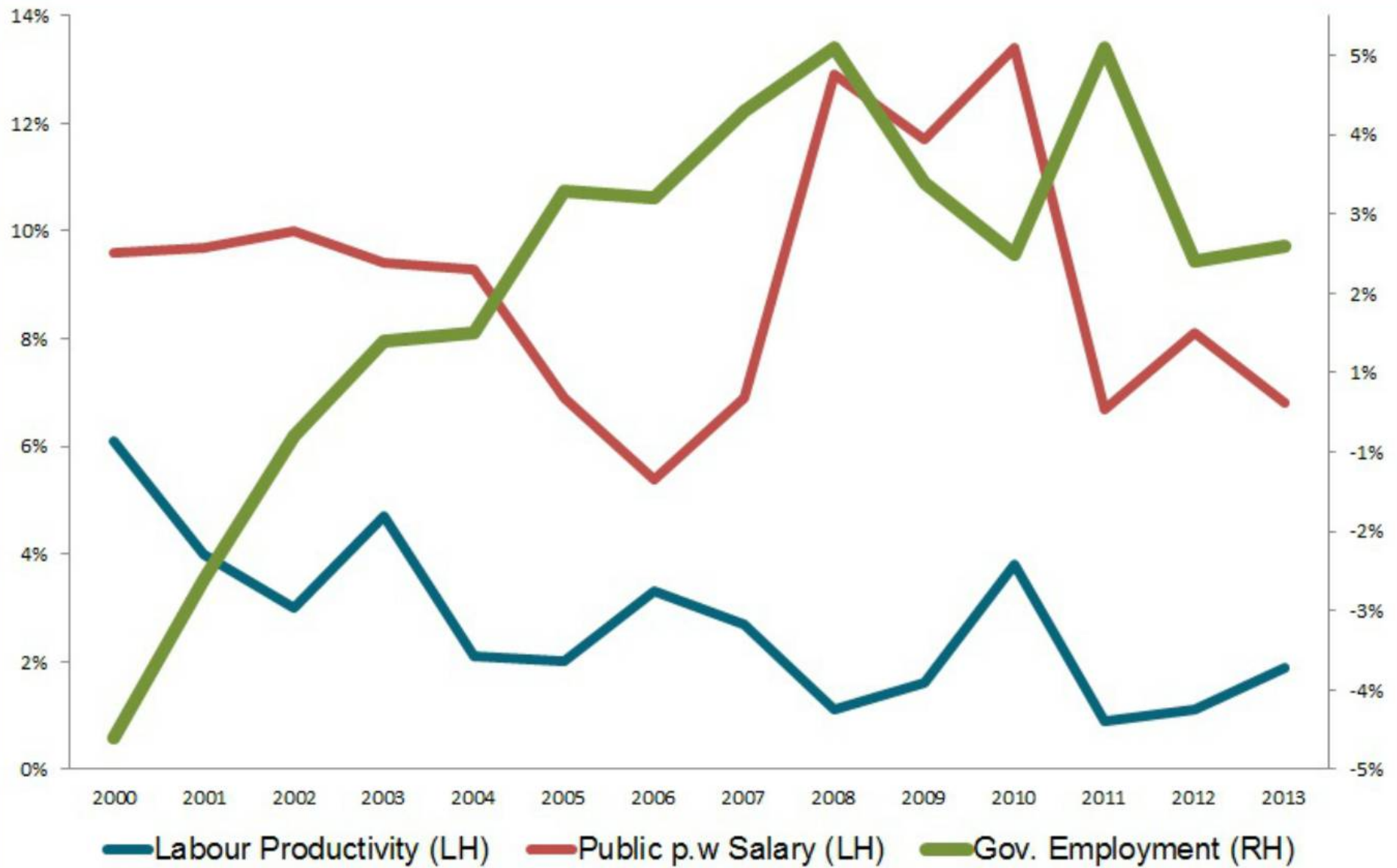
Expenditure by Group Over Time % of Total Expenditure



Social Dependency in South Africa



Productivity and Wages

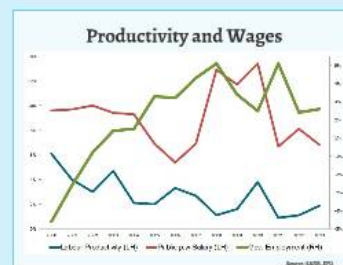
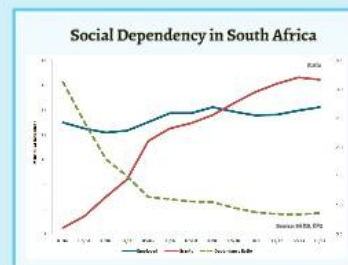
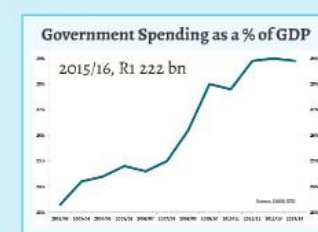
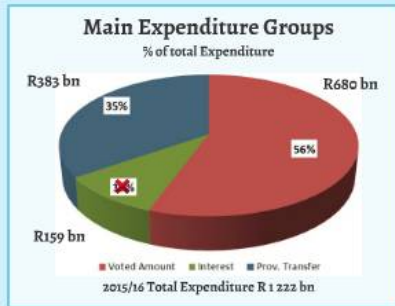


Source: SARB, EFG

Special Announcements Expenditure

- Cut R25 bn over 3 years...
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- Cut wasteful spending
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The Budget 2015/16, Expenditure



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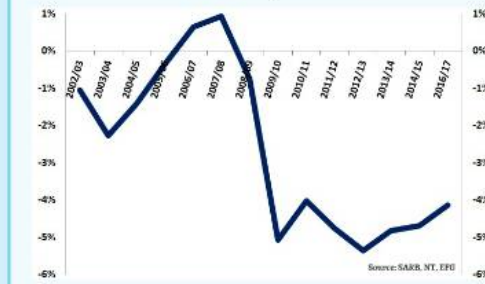
The Budget, Deficit and Debt

Deficit and Debt

Year	Figure	Budget	EPG
2014/15	GDP	2.8%	1.5%
	Deficit/GDP	4.70%	-1.00%
	Debt/GDP	43%	49%
2015/16	GDP	2.00%	0.60%
	Deficit/GDP	4.10%	-1.00%
	Debt/GDP	49%	51%

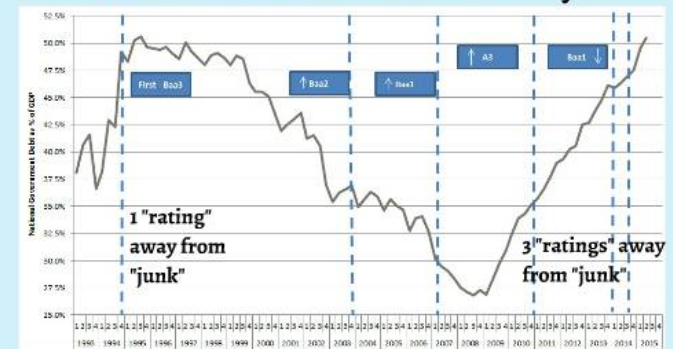
Source: National Treasury, EPG

Deficit as % of GDP

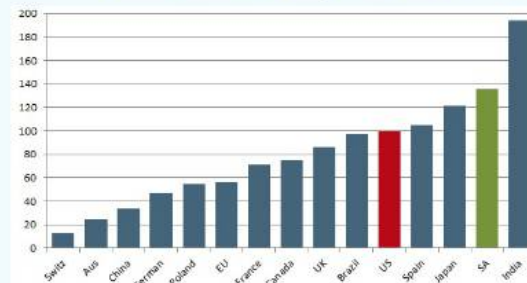


Source: SAKB, NT, EPG

Government Debt:GDP and Moody's



Yield-Debt Proxy (US=100)

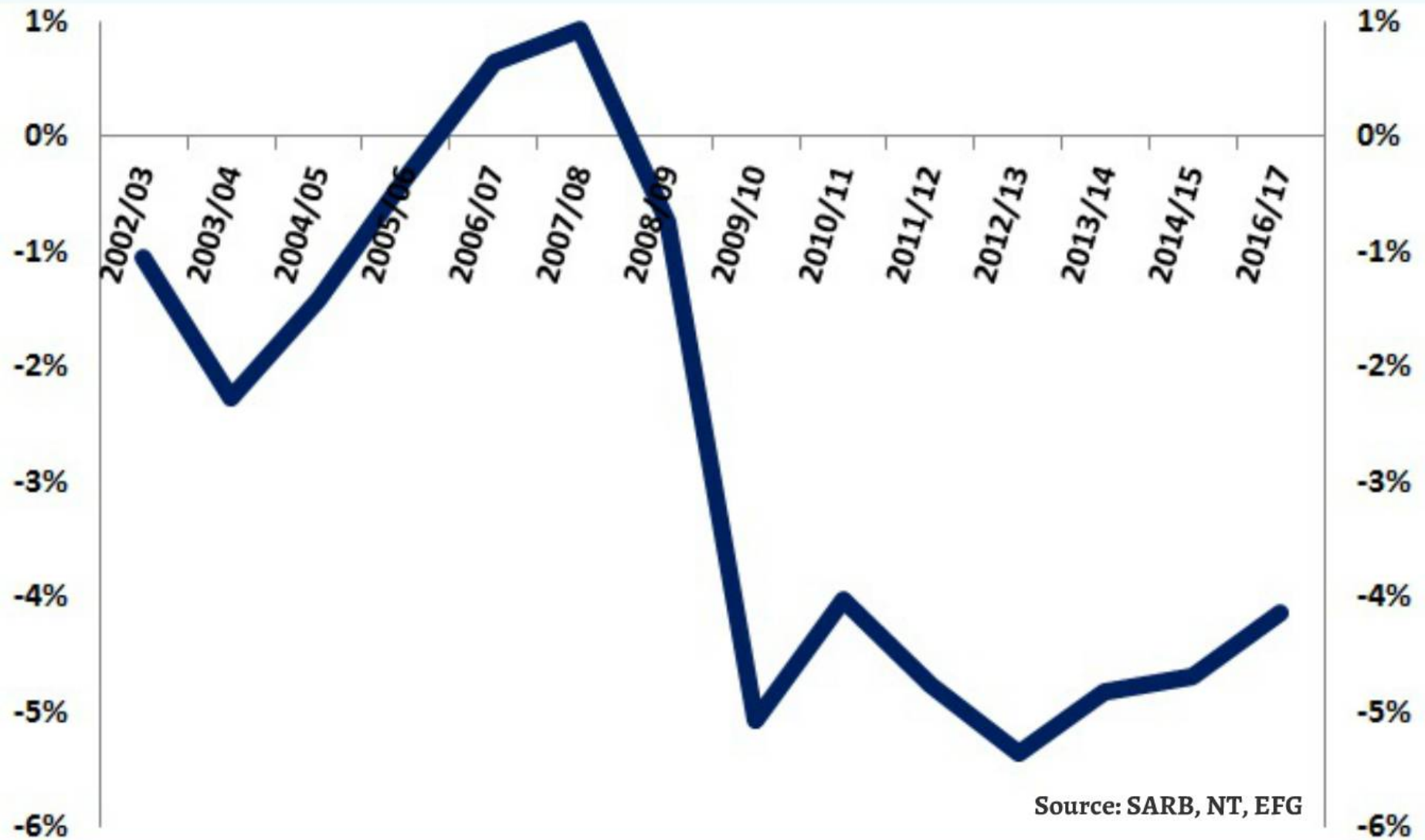


Deficit and Debt

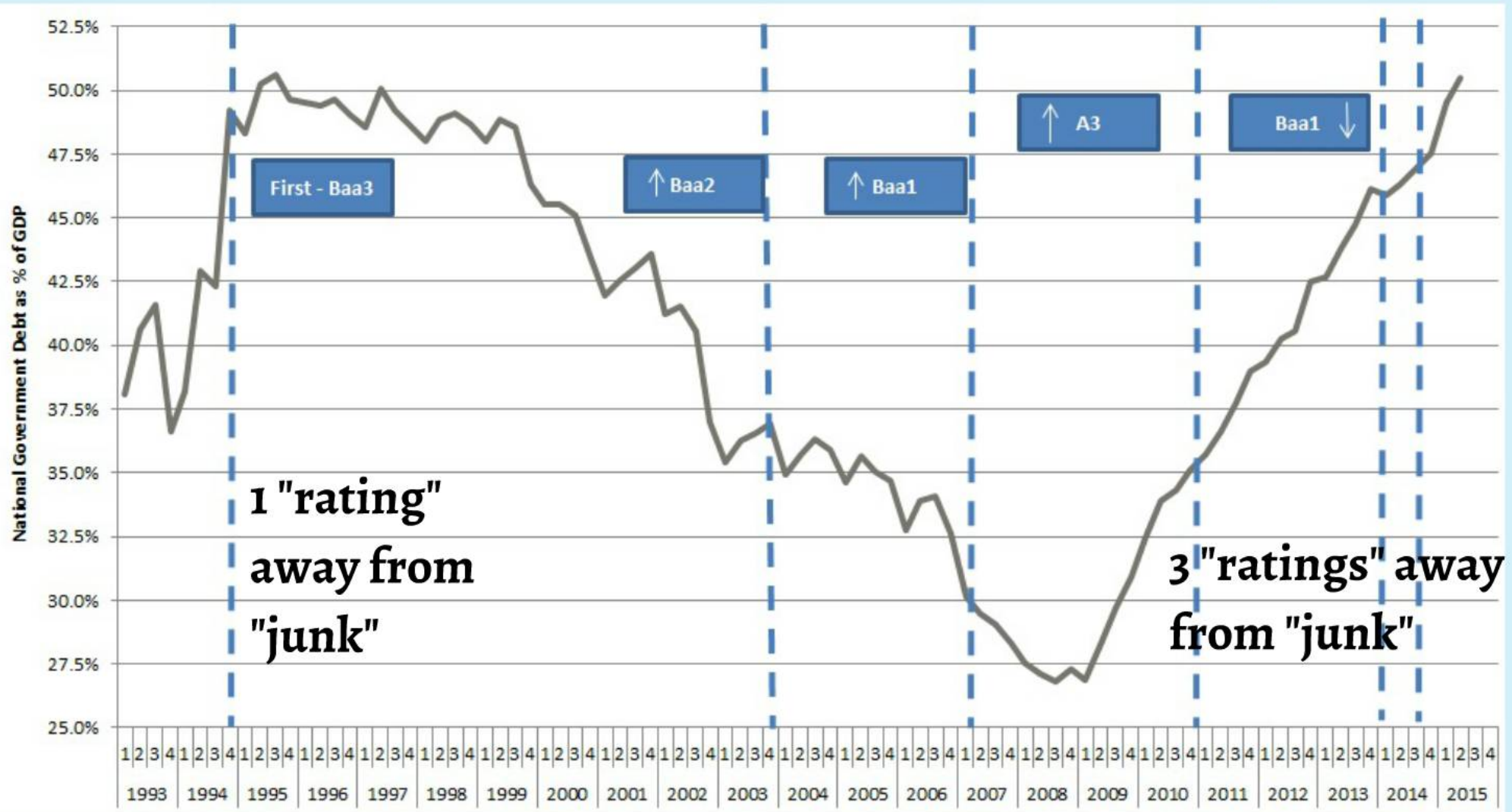
Year	Figure	Budget	EFG
2014/15	GDP	2.8%	1.5%
	Deficit/GDP	-4.70%	- 4.90%
	Debt/GDP	47%	48%
2015/16	GDP	2.00%	0.65%
	Deficit/GDP	-4.10%	- 4.90%
	Debt/GDP	49%	51%

Source: National Treasury, EFG

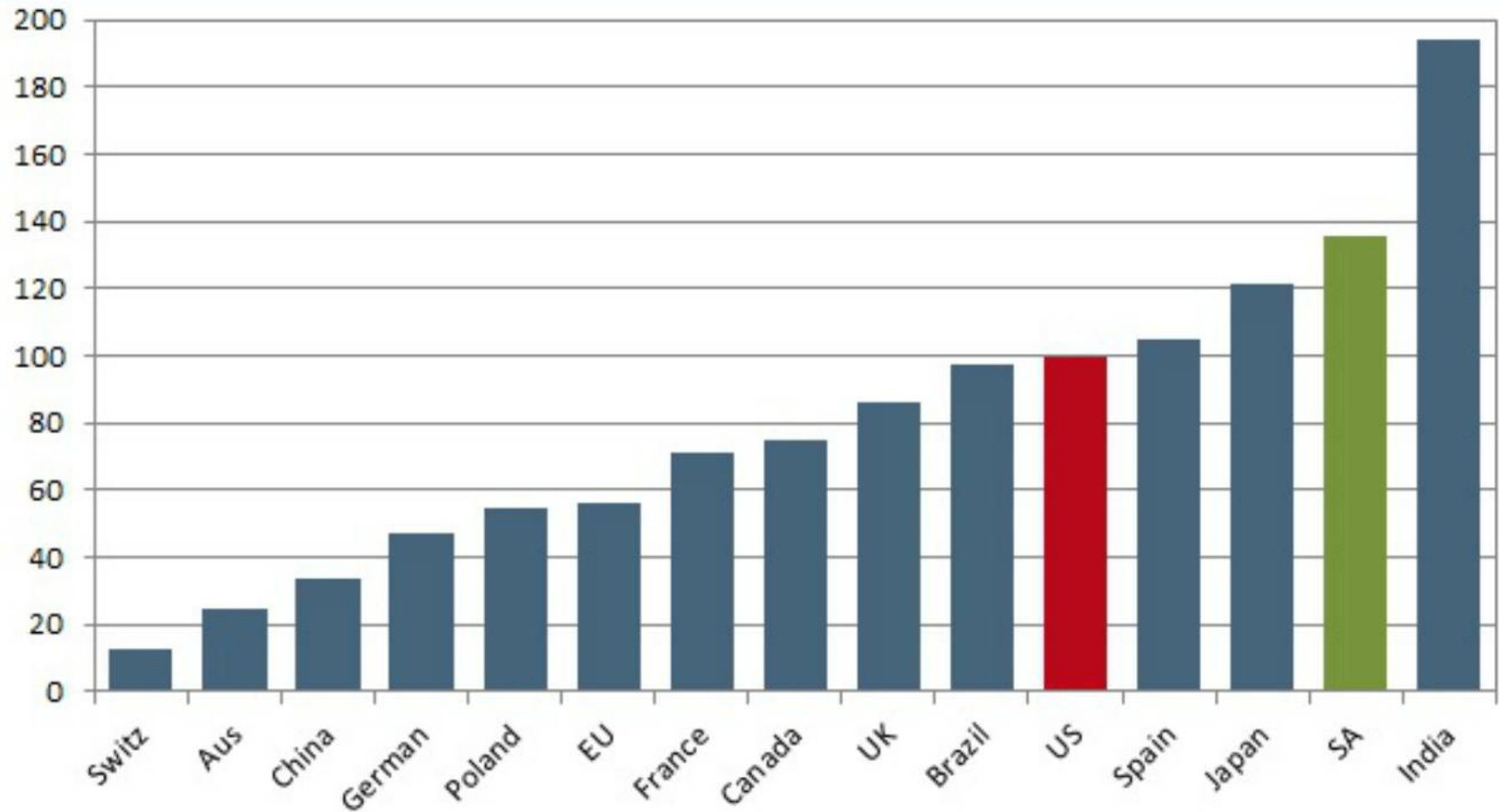
Deficit as % of GDP



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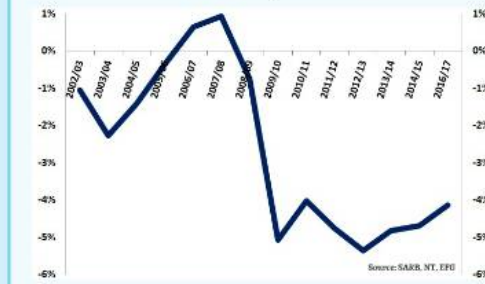
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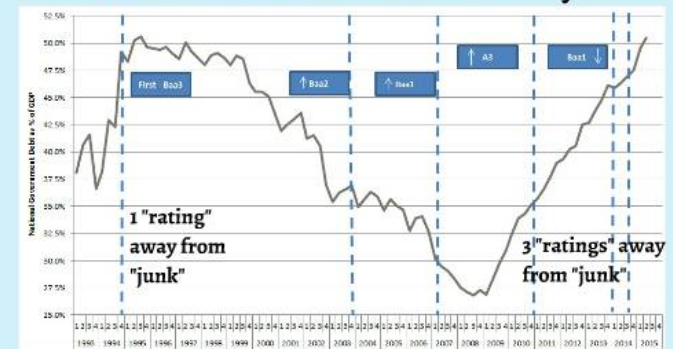
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Deficit as % of GDP

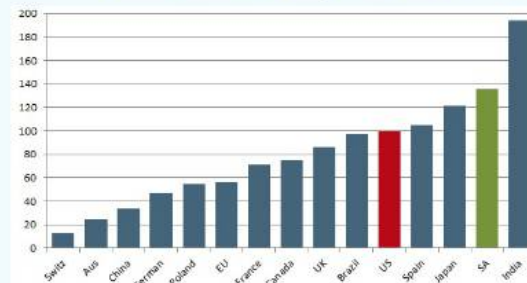


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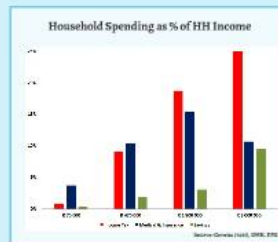
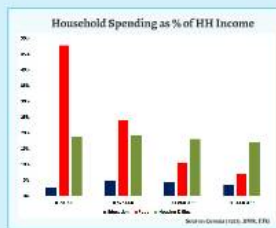


Special Announcements

- SARS advisory committee
- Eskom funding?
- Electricity prices up
- Privitisation?
- Savings incentives

The Six Households in South Africa: Poor to Rich

- Redistributional Effect of the Fiscus**
- Four members per family (household)
 - Two school going kids
 - One working adult
 - State effective and efficient



Category	Revenue (R bn)	New Revenue (Expenditure, R bn)	Per Household (R)	Stk HH Avg
PIF	8.336	8.399	8.29.404	8.176.965
GIT	8.109	8.256	8.17.468	8.104.809
Other Income	8.46	8.55	8.4.038	8.24.227
VAT	8.267	8.355	8.23.437	8.140.624
Fuel	8.48	8.57	8.4.213	8.25.281
Fuel tax	8.74	8.65	8.2.585	8.17.907
Excise-Spirit	8.13	8.15	8.1.343	8.16.647
Import	8.50	8.59	8.4.281	8.26.334
SACU	8.52	8.62	8.4.565	8.27.387
Non-Tax	8.21	8.25	8.1.843	8.11.060
Total	8.962	9.1.340	8.84.444	8.506.667

Year	2010	2011	2012	2013	2014	2015	2016
Revenue	R 8.962	R 9.134	R 9.306	R 9.478	R 9.650	R 9.822	R 9.994
Expenditure	R 8.962	R 9.134	R 9.306	R 9.478	R 9.650	R 9.822	R 9.994
Net	R 0	R 0	R 0	R 0	R 0	R 0	R 0
Per Household	R 8.962	R 9.134	R 9.306	R 9.478	R 9.650	R 9.822	R 9.994
Stk HH Avg	R 8.176.965	R 8.104.809	R 8.24.227	R 8.140.624	R 8.25.281	R 8.17.907	R 8.16.647
Non-Tax	R 1.843	R 1.843	R 1.843	R 1.843	R 1.843	R 1.843	R 1.843
Non-Tax %	20.5%	20.2%	19.9%	19.6%	19.3%	19.0%	18.7%
Total Tax %	79.5%	79.8%	80.1%	80.4%	80.7%	81.0%	81.3%

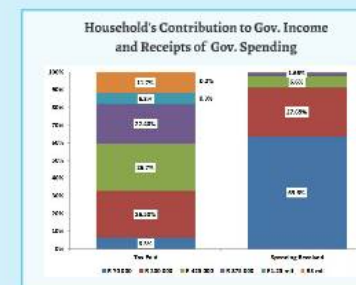
Category	Expenditure (Rbn)	Per Household (R)	Stk HH Avg
Other	R 592	R 43 852	R 263 111
Education	R 233	R 17 259	R 103 556
Health	R 133	R 9 852	R 59 111
Social Develop.	R 137	R 10 148	R 60 889
House & Water	R 45	R 3 333	R 20 000
Total	R 1 140	R 84 444	R 506 667

Category	R 10 000	R 20 000	R 30 000	R 40 000	R 50 000	R 60 000
Other	R 43 852	R 43 852	R 43 852	R 43 852	R 43 852	R 43 852
Education	R 17 259	R 17 259	R 17 259	R 17 259	R 17 259	R 17 259
Health	R 9 852	R 9 852	R 9 852	R 9 852	R 9 852	R 9 852
Social Develop.	R 10 148	R 10 148	R 10 148	R 10 148	R 10 148	R 10 148
House & Water	R 3 333	R 3 333	R 3 333	R 3 333	R 3 333	R 3 333
Total Receipts	R 84 444	R 84 444	R 84 444	R 84 444	R 84 444	R 84 444

Category	R 10 000	R 20 000	R 30 000	R 40 000	R 50 000	R 60 000
Total Tax	R 8.176.965	R 8.104.809	R 8.24.227	R 8.140.624	R 8.25.281	R 8.17.907
Total Receipts	R 8.176.965	R 8.104.809	R 8.24.227	R 8.140.624	R 8.25.281	R 8.17.907
Net	R 0	R 0	R 0	R 0	R 0	R 0
Per Household	R 8.176.965	R 8.104.809	R 8.24.227	R 8.140.624	R 8.25.281	R 8.17.907
Stk HH Avg	R 8.176.965	R 8.104.809	R 8.24.227	R 8.140.624	R 8.25.281	R 8.17.907

R21 R2.11 R0.50 R0.15 R0.09 R0.03

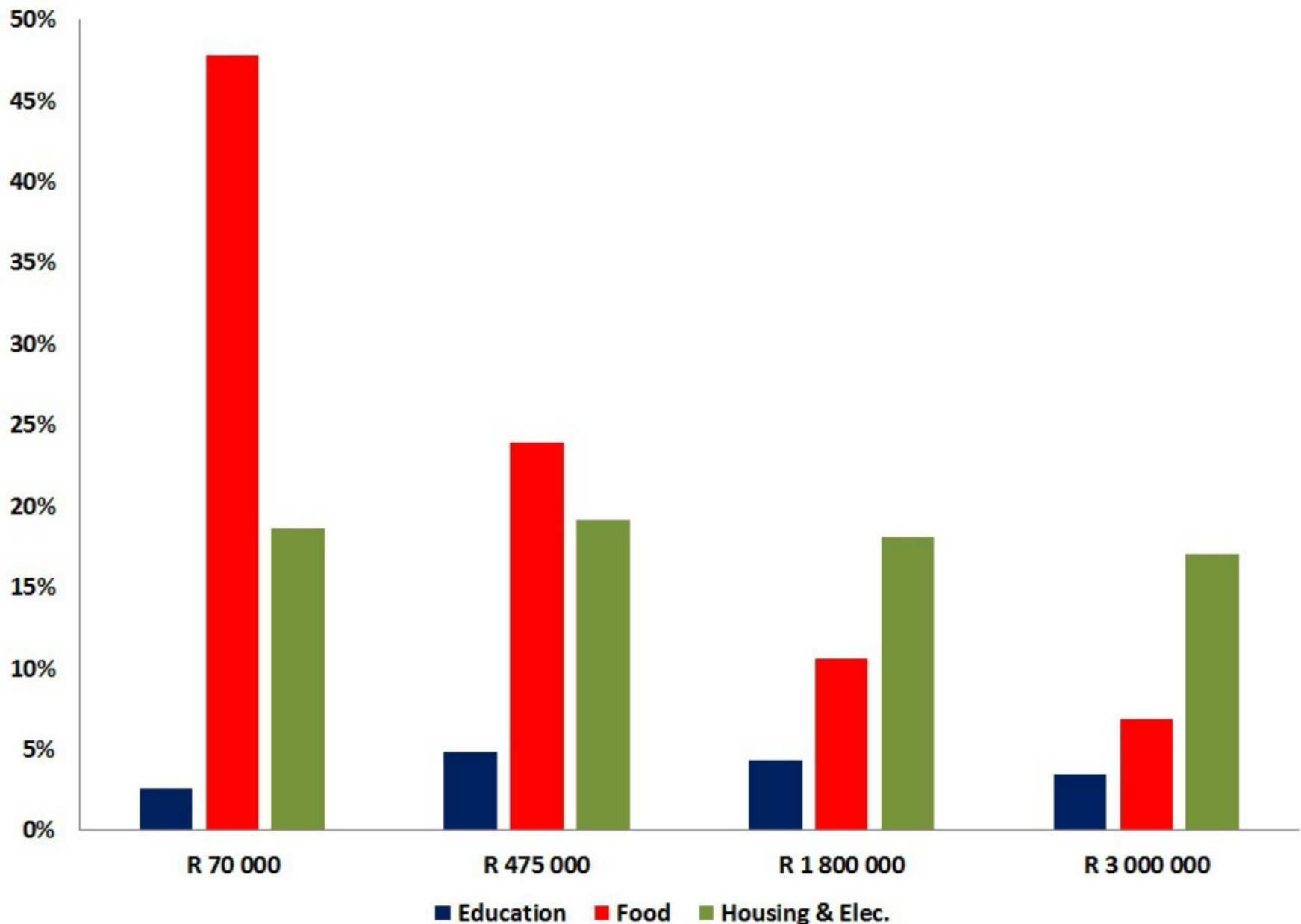
One rich family pays for 10 poor families...



Redistributional Effect of the Fiscus

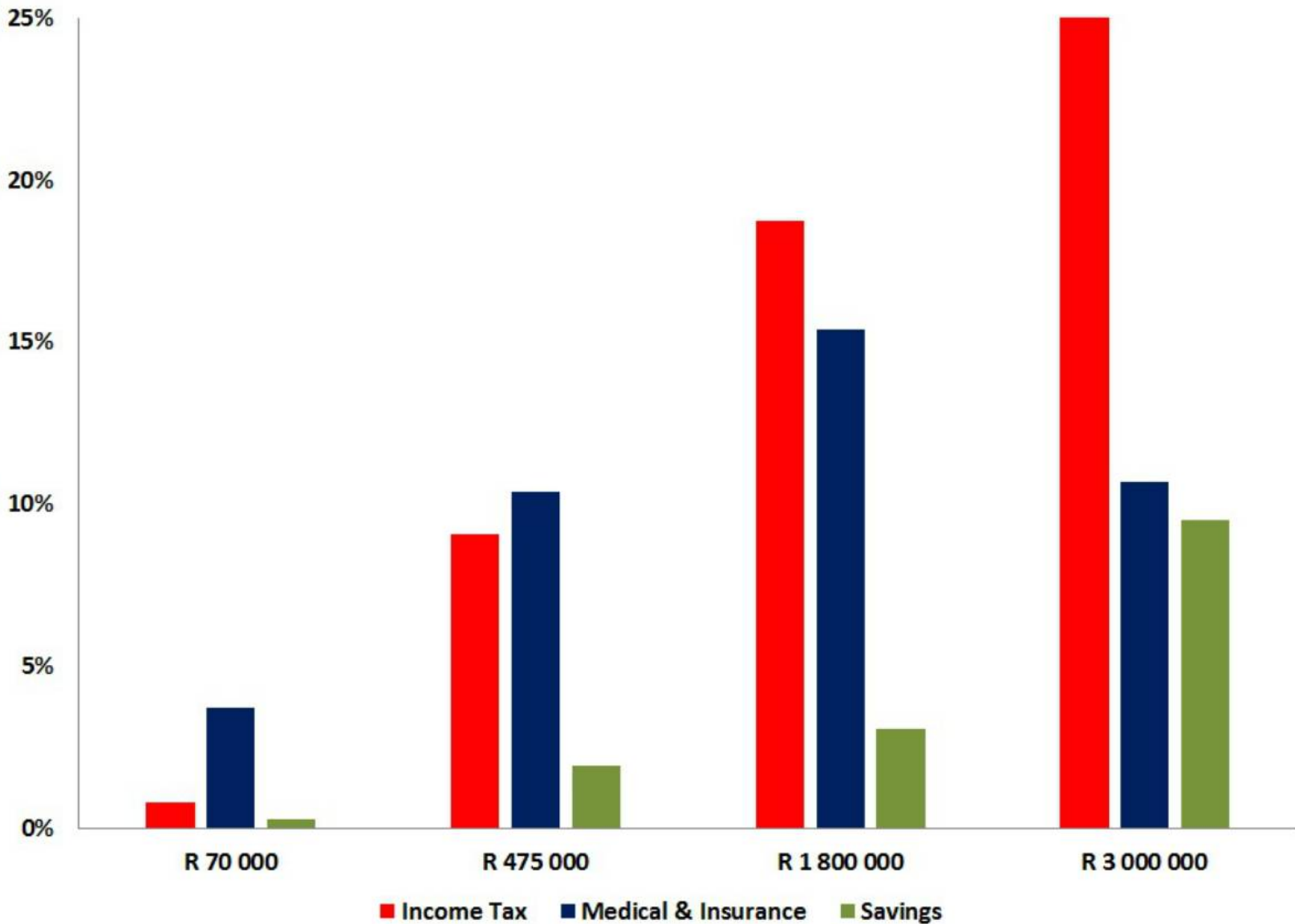
- Four members per family (household)
- Two school going kids
- One working adult
- State effective and efficient

Household Spending as % of HH Income



Source: Census (2011), BMR, EFG

Household Spending as % of HH Income



Source: Census (2011), BMR, EFG

Average Household Taxes

Category	Revenue (R bn)	New Revenue (Expenditure, R bn)	Per Household (R)	Six HH Avg
PIT	R 336	R 398	R 29 494	R 176 965
CIT	R 199	R 236	R 17 468	R 104 809
Other Income	R 46	R 55	R 4 038	R 24 227
VAT	R 267	R 316	R 23 437	R 140 624
Fuel	R 48	R 57	R 4 213	R 25 281
Excise	R 34	R 40	R 2 985	R 17 907
Excise Wealth	R 13	R 15	R 1 141	R 6 847
Import	R 50	R 59	R 4 389	R 26 334
SACU	-R 52	-R 62	-R 4 565	-R 27 387
Non-Tax	R 21	R 25	R 1 843	R 11 060
Total	R 962	R 1 140	R 84 444	R 506 667

Average Household "Tax", per Household

Total Income	R 70 000	R 200 000	R 425 000	R 875 000	R1.25	R 3 mil
PIT	R 0	R 37 448	R 104 583	R 279 804	R 433 554	R 1 151 054
CIT	R 2 875	R 8 214	R 17 456	R 35 938	R 51 340	R 123 216
Other Income	R 40	R 566	R 1 505	R 3 877	R 5 947	R 15 608
VAT	R 3 035	R 8 672	R 18 429	R 37 942	R 54 203	R 130 087
Fuel	R 348	R 993	R 2 110	R 4 344	R 6 205	R 14 893
Excise	R 237	R 678	R 1 440	R 2 965	R 4 235	R 10 165
Excise Wealth	R 3	R 137	R 376	R 995	R 1 536	R 4 064
Import	R 364	R 1 040	R 2 209	R 4 548	R 6 498	R 15 594
SACU	R 380	R 1 087	R 2 309	R 4 755	R 6 793	R 16 302
Non-Tax	R 141	R 404	R 858	R 1 767	R 2 524	R 6 058
Total Tax	R 7 424	R 59 239	R 151 275	R 376 934	R 572 836	R 1 487 041

% of Income Spent on Taxes **11%** **30%** **36%** **43%** **46%** **50%**

Average Household Receipts

Category	Expenditure (Rbn)	Per Household (R)	Six HH Avg
Other	R 592	R 43 852	R 263 111
Education	R 233	R 17 259	R 103 556
Health	R 133	R 9 852	R 59 111
Social Develop.	R 137	R 10 148	R 60 889
House & Water	R 45	R 3 333	R 20 000
Total	R 1 140	R 84 444	R 506 667

Average Household "Receipts", per Household

Total Income	R 70 000	R 200 000	R 425 000	R 875 000	R 1.25 mil	R 3 mil
Other	R 43 852	R 43 852	R 43 852	R 43 852	R 43 852	R 43 852
Education	R 27 902	R 27 902	R 27 902	R 11 219	R 8 630	R 0
Health	R 26 477	R 26 477	R 3 694	R 1 231	R 1 231	R 0
Social Develop.	R 40 796	R 20 093	R 0	R 0	R 0	R 0
House & Water	R 13 400	R 6 600	R 0	R 0	R 0	R 0
Total Receipts	R 152 427	R 124 925	R 75 449	R 56 302	R 53 713	R 43 852

Household Tax and Expenditure Receipts

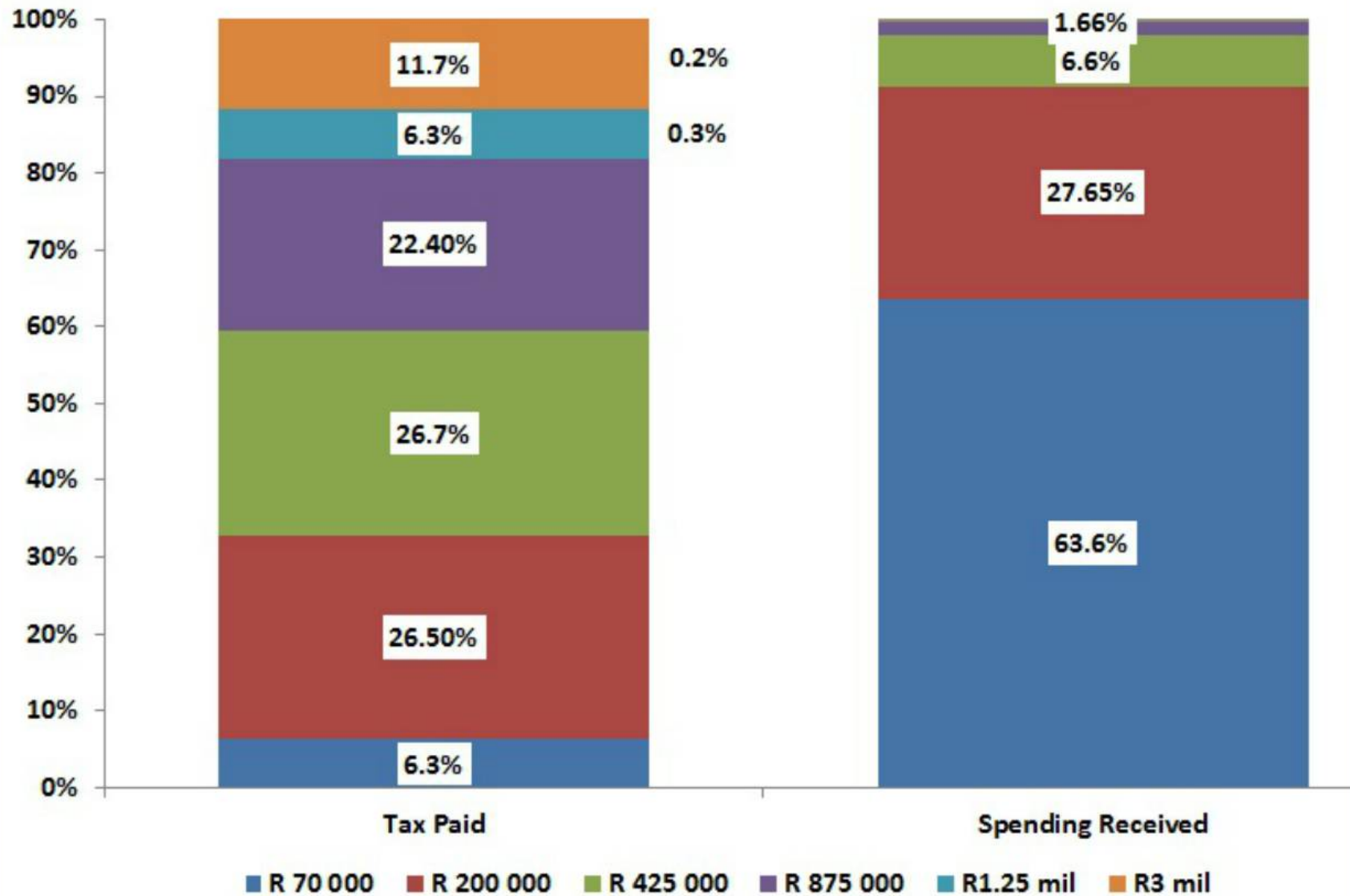
Total Income	R 70 000	R 200 000	R 425 000	R 875 000	R 1.25 mil	R 3 mil
Total Tax	R 7 424	R 59 239	R 151 275	R 376 934	R 572 836	R 1 487 041
Total Receipts	R 152 427	R 124 925	R 75 449	R 56 302	R 53 713	R 43 852

For every R1
"taxed",
Household
receives...

R21 R2.11 R0.50 R0.15 R0.09 R0.03

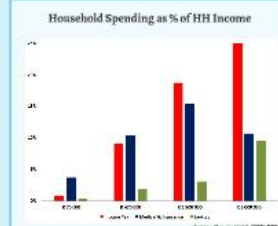
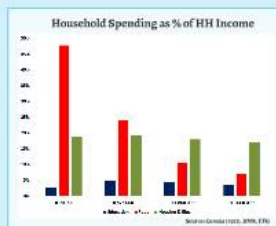
One rich family pays for 10 poor families...

Household's Contribution to Gov. Income and Receipts of Gov. Spending



The Six Households in South Africa: Poor to Rich

- Redistributional Effect of the Fiscus**
- Four members per family (household)
 - Two school going kids
 - One working adult
 - State effective and efficient



Category	Revenue (R bn)	New Revenue (Expenditure, R bn)	Per Household (R)	Stk HH Avg
PIF	8.336	8.399	8.29.404	8.176.965
GIT	8.109	8.256	8.17.468	8.104.809
Other Income	8.46	8.55	8.4.038	8.24.227
VAT	8.267	8.355	8.23.437	8.140.624
Fuel	8.48	8.57	8.4.213	8.25.281
Excise	8.74	8.65	8.2.585	8.17.907
Excise-Specific	8.13	8.15	8.1.343	8.16.647
Import	8.50	8.59	8.4.281	8.26.334
SACU	8.52	8.62	8.4.565	8.27.387
Non-Tax	8.21	8.25	8.1.843	8.11.060
Total	8.962	9.1.340	8.84.444	8.506.667

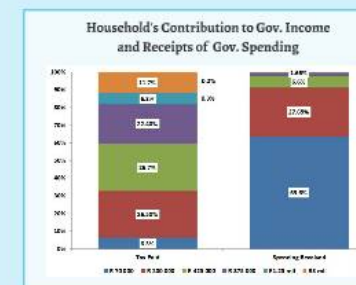
Category	R10K	R20K	R30K	R40K	R50K	R60K
PIF	8.29.404	8.29.404	8.29.404	8.29.404	8.29.404	8.29.404
GIT	8.17.468	8.17.468	8.17.468	8.17.468	8.17.468	8.17.468
Other Income	8.4.038	8.4.038	8.4.038	8.4.038	8.4.038	8.4.038
VAT	8.23.437	8.23.437	8.23.437	8.23.437	8.23.437	8.23.437
Fuel	8.4.213	8.4.213	8.4.213	8.4.213	8.4.213	8.4.213
Excise	8.2.585	8.2.585	8.2.585	8.2.585	8.2.585	8.2.585
Excise-Specific	8.1.343	8.1.343	8.1.343	8.1.343	8.1.343	8.1.343
Import	8.4.281	8.4.281	8.4.281	8.4.281	8.4.281	8.4.281
SACU	8.4.565	8.4.565	8.4.565	8.4.565	8.4.565	8.4.565
Non-Tax	8.1.843	8.1.843	8.1.843	8.1.843	8.1.843	8.1.843
Total Tax	8.84.444	8.84.444	8.84.444	8.84.444	8.84.444	8.84.444
Spent on Taxes	85%	80%	54%	47%	44%	50%

Category	Expenditure (Rbn)	Per Household (R)	Stk HH Avg
Other	R 592	R 43 852	R 263 111
Education	R 233	R 17 259	R 103 556
Health	R 133	R 9 852	R 59 111
Social Develop.	R 137	R 10 148	R 60 889
House & Water	R 45	R 3 333	R 20 000
Total	R 1 140	R 84 444	R 506 667

Category	R 10K	R 20K	R 30K	R 40K	R 50K	R 60K
Other	43.852	43.852	43.852	43.852	43.852	43.852
Education	17.259	17.259	17.259	17.259	17.259	17.259
Health	9.852	9.852	9.852	9.852	9.852	9.852
Social Develop.	10.148	10.148	10.148	10.148	10.148	10.148
House & Water	3.333	3.333	3.333	3.333	3.333	3.333
Total Receipts	84.444	84.444	84.444	84.444	84.444	84.444

Category	R10K	R20K	R30K	R40K	R50K	R60K
Total Tax	8.84.444	8.84.444	8.84.444	8.84.444	8.84.444	8.84.444
Total Receipts	8.84.444	8.84.444	8.84.444	8.84.444	8.84.444	8.84.444
Receipts by household type	R21	R2.11	R0.50	R0.15	R0.09	R0.03

One rich family pays for 10 poor families...



Summary

- Lack transparency
- Self confident minister
- Unrealistic assumptions
- This is a wish list not a budget

EFFICIENT
+ GROUP

Think Efficient. Realise potential.