



# Preliminary revenue results for 2018/19

Media conference

Context to revenue results

Assumptions and revenue estimates

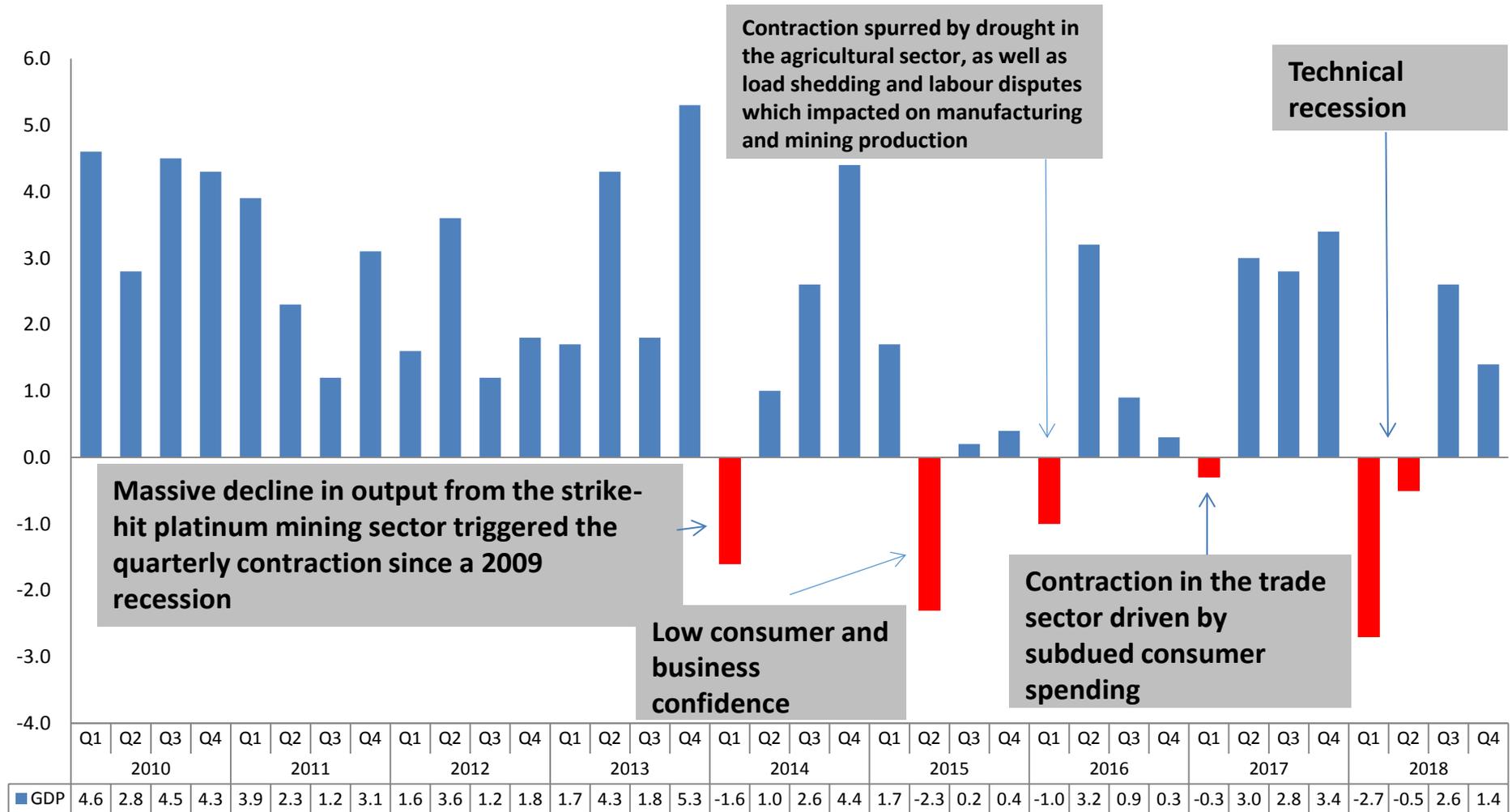
Fiscal policy

Administrative efficiencies

Outlook and conclusion

# GDP moderated in Q4-2018 driven by growth in transport, manufacturing and finance sectors

## South Africa's Real GDP

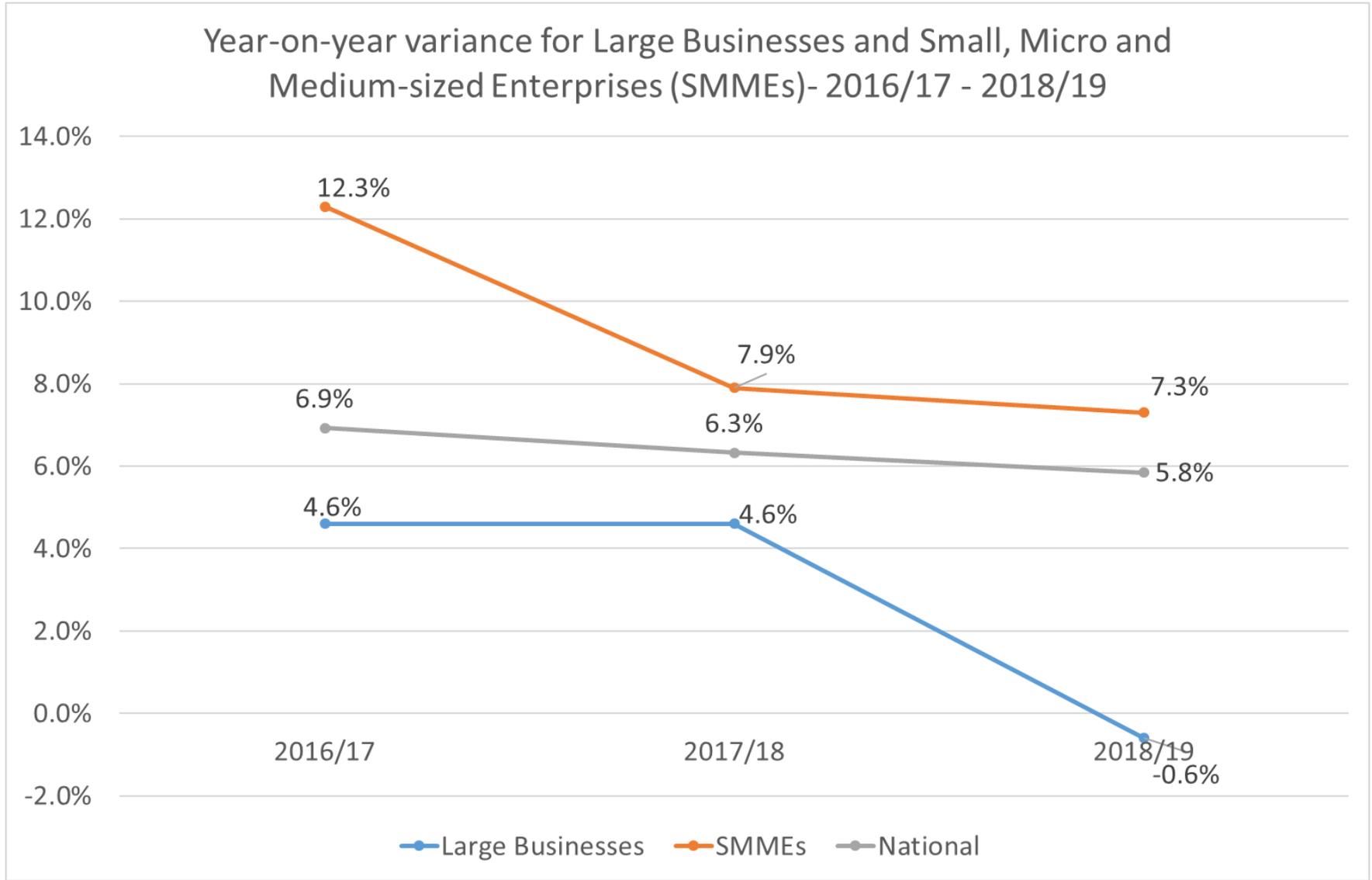


Source: StatsSA

# YTD collections reflect a R14.6bn deficit and an above inflation growth of R71.2bn (5.8%)

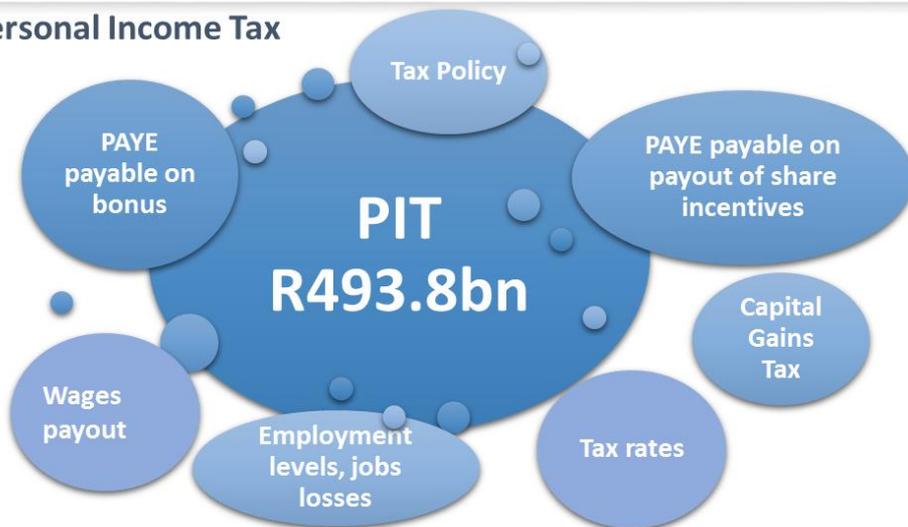
National (Cash) R'million	YTD 31 Mar 2019 REVISED Estimate	YTD 31 Mar 2019 Actual	YTD 31 Mar 2019 Var. vs REVISED	YTD 31 Mar 2019 Var. vs REVISED, %	YTD 31 Mar 2018 Actual	YTD 31 Mar 2019 Actual	YTD 31 Mar 2019 Growth vs PY	YTD 31 Mar 2019 Growth vs PY, %
<b>Total Gross Receipts</b>	1 587 912	1 575 390	-12 522	↓ -0.8%	1 450 971	1 575 390	124 419	↑ 8.6%
<b>Refunds</b>	-285 711	-287 754	-2 043	↑ 0.7%	-234 485	-287 754	-53 269	↑ 22.7%
<b>National Total (Cash)</b>	1 302 201	1 287 636	-14 565	↓ -1.1%	1 216 486	1 287 636	71 150	↑ 5.8%
<b>PIT Gross</b>	530 631	524 276	-6 356	↓ -1.2%	489 704	524 276	34 571	↑ 7.1%
<i>PAYE</i>	477 715	477 365	-350	↓ -0.1%	446 274	477 365	31 091	↑ 7.0%
<i>Total ETI credits</i>	-4 262	-4 412	-149	↑ 3.5%	-4 317	-4 412	-95	↑ 2.2%
<i>PIT Prov</i>	39 440	34 979	-4 460	↓ -11.3%	29 796	34 979	5 184	↑ 17.4%
<i>PIT assmnts+int</i>	17 739	16 342	-1 396	↓ -7.9%	17 951	16 342	-1 609	↓ -9.0%
<b>PIT Refunds</b>	-31 494	-30 496	998	↓ -3.2%	-26 801	-30 496	-3 695	↑ 13.8%
<b>PIT Net</b>	499 137	493 780	-5 357	↓ -1.1%	462 903	493 780	30 876	↑ 6.7%
<b>CIT Gross</b>	242 494	236 932	-5 562	↓ -2.3%	233 827	236 932	3 106	↑ 1.3%
<i>CIT Prov</i>	223 801	220 835	-2 966	↓ -1.3%	218 613	220 835	2 222	↑ 1.0%
<b>CIT Refunds</b>	-20 795	-22 246	-1 451	↑ 7.0%	-13 588	-22 246	-8 658	↑ 63.7%
<b>CIT Net</b>	221 699	214 686	-7 013	↓ -3.2%	220 239	214 686	-5 552	↓ -2.5%
<b>VAT domestic</b>	379 887	378 763	-1 124	↓ -0.3%	336 207	378 763	42 557	↑ 12.7%
<b>Import VAT</b>	174 030	174 992	961	↑ 0.6%	152 862	174 992	22 130	↑ 14.5%
<b>VAT Refunds</b>	-228 000	-229 165	-1 165	↑ 0.5%	-191 071	-229 165	-38 095	↑ 19.9%
<b>VAT Net</b>	325 917	324 590	-1 328	↓ -0.4%	297 998	324 590	26 592	↑ 8.9%
<b>Import Duties</b>	55 638	55 186	-453	↓ -0.8%	49 152	55 186	6 034	↑ 12.3%
<b>Taxes on Prop.</b>	16 035	15 221	-814	↓ -5.1%	16 585	15 221	-1 364	↓ -8.2%
<b>DT/STC</b>	30 341	29 713	-627	↓ -2.1%	27 894	29 713	1 819	↑ 6.5%
<b>Spec. Exc. Dom.</b>	40 276	40 830	553	↑ 1.4%	37 356	40 830	3 474	↑ 9.3%
<b>Fuel Levy Gross</b>	80 795	81 189	394	↑ 0.5%	73 974	81 189	7 215	↑ 9.8%
<b>Diesel refunds</b>	-5 421	-5 846	-425	↑ 7.8%	-3 025	-5 846	-2 821	↑ 93.3%
<b>Net Fuel Levy</b>	75 374	75 342	-31	↓ 0.0%	70 949	75 342	4 394	↑ 6.2%
<b>Other</b>	37 784	38 290	506	↑ 1.3%	33 412	38 290	4 878	↑ 14.6%
<i>Customs</i>	1 037	860	-177	↓ -17.1%	756	860	104	↑ 13.7%
<i>Excise</i>	18 486	19 373	887	↑ 4.8%	15 752	19 373	3 621	↑ 23.0%
<i>Revenue</i>	18 260	18 057	-204	↓ -1.1%	16 904	18 057	1 153	↑ 6.8%
<b>National Total (Cash)</b>	1 302 201	1 287 636	-14 565	↓ -1.1%	1 216 486	1 287 636	71 150	↑ 5.8%

# Large businesses contracting mainly due to accelerated CIT and VAT refunds and lower provisional CIT, despite windfall in prov. PIT

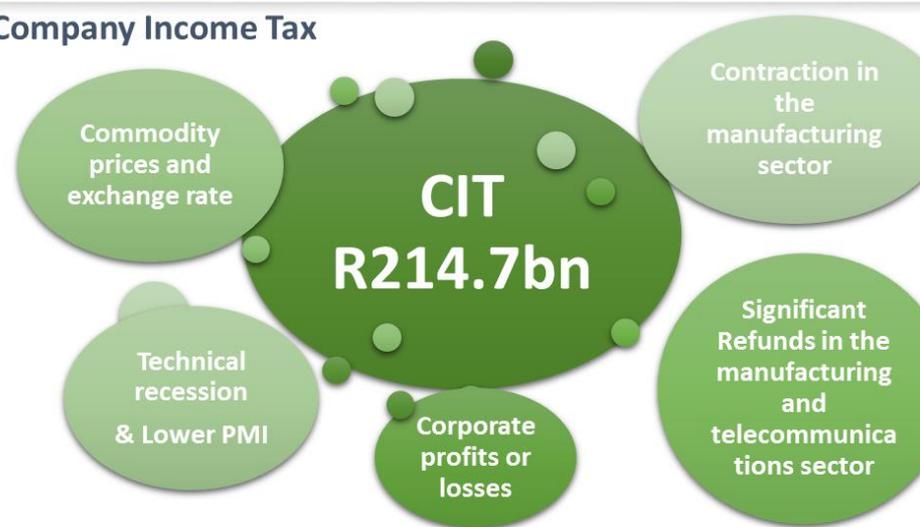


# Drivers of the performance of key taxes

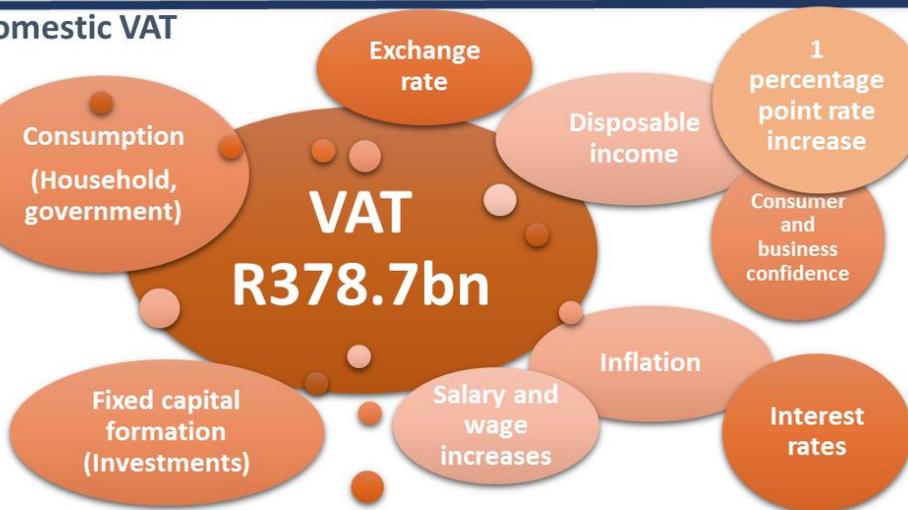
## Personal Income Tax



## Company Income Tax



## Domestic VAT

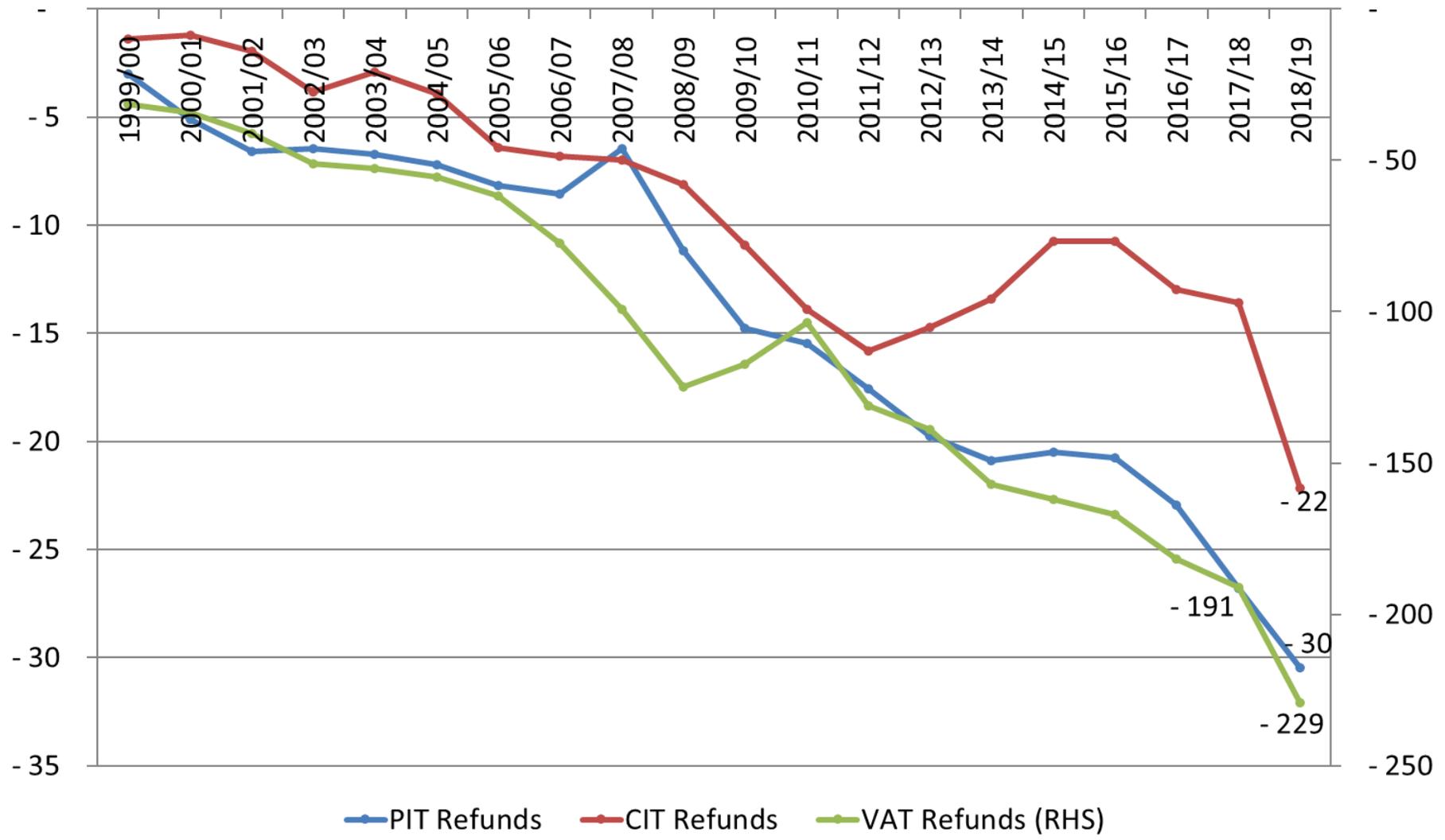


## Import taxes



# Refunds

## 20 Years' PIT, CIT and VAT Refunds (R'bn)



# Credit book

Unaudited credit book							Preliminary	%
Fiscal year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Growth 2018/19
Income Tax	-12.4	-11.7	-14.3	-21.7	-23.9	-28.9	-23.7	-17.8%
PAYE	-6.0	-5.0	-3.7	-3.4	-1.9	-3.1	-1.8	-43.3%
VAT	-20.5	-21.2	-24.2	-33.6	-28.6	-31.0	-23.5	-24.2%
UIF	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.0	-51.7%
SDL	-0.2	-0.1	-0.1	-0.1	-0.0	-0.0	-0.0	-60.4%
Diesel	-1.2	-1.5	-1.6	-2.1	-1.4	-3.5	-4.3	22.6%
STC	-1.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-15.3%
Dividends Tax	-1.0	-0.2	-1.5	-1.6	-0.3	-0.3	-0.1	-51.4%
Admin Penalties	-0.0	-0.0	-0.1	-0.1	-0.1	-0.0	-0.0	-83.7%
SBA	-	-	-	-0.0	-0.0	-0.0	-	-100.0%
Customs	-	-	-	-0.0	-0.1	-0.0	-0.1	6.4%
Excise	-	-	-	-0.0	-0.0	-0.0	-0.0	105.4%
<b>Total</b>	<b>-42.8</b>	<b>-40.0</b>	<b>-45.7</b>	<b>-62.9</b>	<b>-56.4</b>	<b>-67.0</b>	<b>-53.6</b>	<b>-20.0%</b>
Contribution to total								
Income Tax	29.1%	29.3%	31.3%	34.6%	42.3%	43.1%	44.3%	
PAYE	14.0%	12.5%	8.1%	5.3%	3.3%	4.7%	3.3%	
VAT	48.0%	53.0%	52.8%	53.4%	50.8%	46.2%	43.8%	
UIF	0.4%	0.3%	0.2%	0.1%	0.1%	0.1%	0.0%	
SDL	0.4%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	
Diesel	2.9%	3.7%	3.5%	3.3%	2.6%	5.2%	8.0%	
STC	3.0%	0.4%	0.3%	0.2%	0.1%	0.1%	0.1%	
Dividends Tax	2.2%	0.5%	3.3%	2.6%	0.5%	0.4%	0.2%	
Admin Penalties	0.0%	0.0%	0.2%	0.2%	0.1%	0.0%	0.0%	
SBA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Customs	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	
Excise	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	
<b>Total</b>	<b>100.0%</b>							

# Debt book

## Unaudited Overdue Taxpayer Debt Book

Fiscal Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<i>Company</i>	15 746 053 525	17 242 006 392	24 149 677 008	24 803 393 926	38 468 786 731	33 966 420 404
<i>Individual</i>	16 283 188 508	16 138 878 568	16 471 672 502	16 674 625 052	19 528 012 064	22 778 715 943
<i>Trust</i>	581 840 371	375 130 356	463 662 848	622 730 804	906 002 519	1 167 048 480
<b>Total Income Tax</b>	<b>32 611 082 404</b>	<b>33 756 015 316</b>	<b>41 085 012 358</b>	<b>42 100 749 782</b>	<b>58 902 801 314</b>	<b>57 912 184 827</b>
ADMIN PENALTIES	3 553 597 004	4 916 571 155	5 830 673 641	7 011 792 663	7 924 903 409	8 586 419 211
CUSTOMS	1 462 065 621	1 950 837 682	1 435 991 521	1 594 502 851	1 569 028 911	1 853 869 718
DIESEL	240 738 246	172 027 771	165 663 553	168 716 907	254 887 400	355 709 893
DIVIDEND TAX	79 868 016	280 508 118	251 814 065	280 148 923	924 600 276	1 006 510 486
DONATIONS TAX	-	258 675 329	18 149 168	17 432 363	18 883 409	18 883 409
ESTATE DUTY	243 712 131	259 102 829	208 666 525	159 411 329	201 603 041	166 986 863
EXCISE	773 133 593	378 507 750	374 744 257	288 406 122	136 277 718	249 229 169
PAYE	11 151 309 513	8 850 878 809	8 148 961 940	8 088 997 368	9 129 408 788	11 622 979 313
SBA	63 164 991	62 121 735	54 598 489	36 100 426	16 371 535	9 283 645
SDL	1 237 930 871	1 055 582 418	1 184 043 476	1 119 932 303	1 336 845 161	1 513 163 559
STC	3 563 453 468	5 314 434 615	6 065 881 028	4 815 029 876	5 660 506 502	1 051 730 460
TRANSFER DUTY	-	-	2 144 583	2 144 583	-	-
UIF	2 008 593 312	1 732 247 091	1 753 862 809	1 638 523 718	1 825 386 923	1 997 963 196
VAT	25 020 811 373	23 648 358 356	23 141 484 136	29 055 096 800	41 376 101 991	42 372 005 519
<b>Total</b>	<b>82 009 460 544</b>	<b>82 635 868 973</b>	<b>89 721 691 548</b>	<b>96 376 986 012</b>	<b>129 277 606 380</b>	<b>128 716 919 268</b>
Actual revenue	814 080 636 568	899 958 400 815	986 363 920 045	1 069 872 008 606	1 144 196 833 850	1 216 486 230 186
Debt as % of revenue	10.1%	9.2%	9.1%	9.0%	11.3%	10.6%

Context to revenue results

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Outlook and conclusion

# The evolution of the 2018/19 estimate shows

Estimate cycle 2018/19	MTBPS 2015	Budget 2016	MTBPS 2016	Budget 2017	MTBPS 2017	Budget 2018
<b>Total Estimate</b>	<b>1 401 020</b>	<b>1 434 737</b>	<b>1 396 891</b>	<b>1 384 399</b>	<b>1 315 143</b>	<b>1 344 965</b>
Var	-56 055	-89 773	-51 926	-39 434	29 822	
Var %	-4.0%	-6.3%	-3.7%	-2.8%	2.3%	
Tax:GDP	26.7%	27.80%	27.5%	27.0%	26.5%	26.8%
Buoyancy	1.10	1.23	1.22	1.15	1.31	1.51
Nominal GDP (Rm)	5 251 831	5 161 330	5 077 861	5 129 165	4 968 078	5 025 379
Nominal GDP growth %	8.8%	8.6%	8.0%	8.2%	6.3%	6.9%
Real GDP growth %	2.8%	2.5%	2.1%	2.1%	1.1%	1.5%
CPI	5.8%	5.9%	5.9%	5.7%	5.4%	5.5%

**At the time of the February 2018 Budget, a synchronised global recovery was expected and there was a sense that the domestic economy would recover on the strength of improved certainty and stability**

	Feb 2018 Printed Estimate	Oct 2018 MTBPS	Feb 2019 Budget
<b>GDP</b>	5 025.4	5 045.6	5 059.1
<b>Real GDP (% growth)</b>	1.5%	0.7%	0.7%
<b>Revenue</b>	1 345.0	1 317.6	1 302.2
<b>Revenue (% growth)</b>	10.6%	8.3%	7.0%
<b>Buoyancy</b>	1.51	1.21	0.92
<b>Tax to GDP Ratio</b>	26.8%	26.1%	25.7%

**In the 2019 Budget, fragile recovery in employment and investment with a less supportive global trade environment resulted in a further downward revision in tax revenue.**

# Revenue shortfall against Budget 2018 estimate of R57.4bn (-4.3%)

Year	2009/10	2010/11	2011/12	2012/13	2013/14
Printed estimate (PE) (Rbn)	659.3	647.9	741.6	826.4	898.0
MTBPS estimate (MTBPS) (Rbn)	589.0	679.2	728.6	821.4	895.0
Revised estimate (RE) (Rbn)	590.4	672.2	738.7	810.2	899.0
<b>Actual (Rbn)</b>	<b>598.7</b>	<b>674.2</b>	<b>742.6</b>	<b>813.8</b>	<b>900.0</b>
Deviation from PE (Rbn)	-60.6	26.3	1.0	-12.6	2.0
Deviation from MTBPS (Rbn)	9.7	-5.0	14.1	-7.6	5.0
Deviation from RE (Rbn)	8.3	2.0	3.9	3.7	1.0
Deviation from PE (%)	-9.2%	4.1%	0.1%	-1.5%	0.2%
Deviation from MTBPS (%)	1.6%	-0.7%	1.9%	-0.9%	0.6%
Deviation from RE (%)	1.4%	0.3%	0.5%	0.5%	0.1%

Year	2014/15	2015/16	2016/17	2017/18	2018/19
Printed estimate (PE) (Rbn)	993.7	1 081.3	1 174.8	1 265.5	1 345.0
MTBPS estimate (MTBPS) (Rbn)	983.6	1 073.7	1 152.0	1 214.7	1 317.6
Revised estimate (RE) (Rbn)	979.0	1 069.7	1 144.4	1 217.3	1 302.2
<b>Actual (Rbn)</b>	<b>986.3</b>	<b>1 070.0</b>	<b>1 144.1</b>	<b>1 216.5</b>	<b>1 287.6</b>
Deviation from PE (Rbn)	-7.4	-11.3	-30.7	-49.0	-57.3
Deviation from MTBPS (Rbn)	2.7	-3.7	-7.9	1.7	-30.0
Deviation from RE (Rbn)	7.3	0.3	-0.3	-0.8	-14.6
Deviation from PE (%)	-0.7%	-1.0%	-2.6%	-3.9%	-4.3%
Deviation from MTBPS (%)	0.3%	-0.3%	-0.7%	0.1%	-2.3%
Deviation from RE (%)	0.7%	0.0%	0.0%	-0.1%	-1.1%

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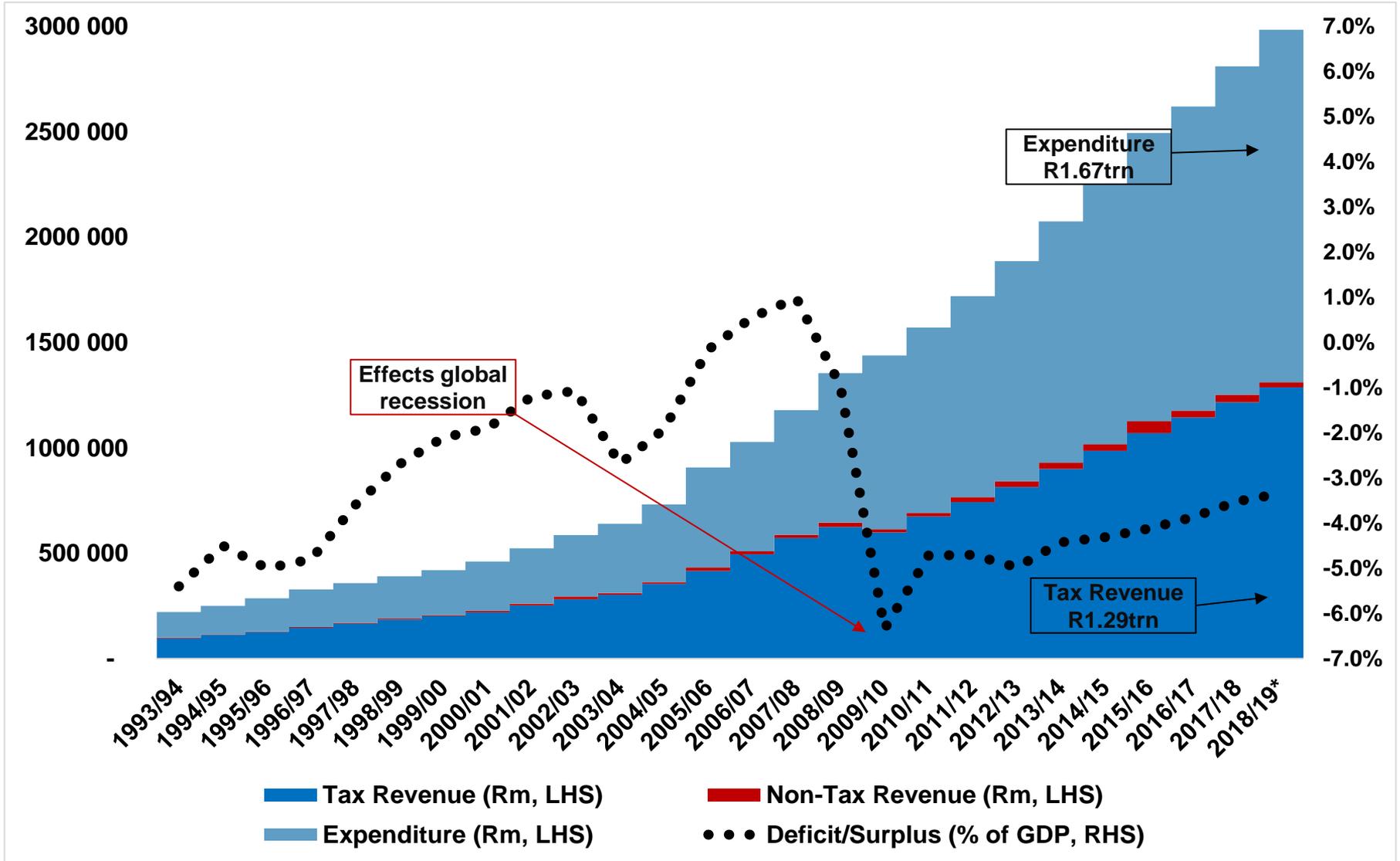
Administrative efficiencies

Outlook and conclusion

# Cumulative Tax Relief of R31.5bn from 1994/95 to 2018/19 mainly to individual taxpayers

Year	Direct				Indirect				Other	Total relief
	PIT	CIT	Other	Total	Excise	Fuel levy	Other	Total		
	R million	R million	R million	R million	R million	R million	R million	R million		
1994/95	1 460	1	510	1 971	350	-	-800	-450	1 521	
1995/96	-875	50	-235	-1 060	410	255	-455	210	-850	
1996/97	-1 450	620	2 675	1 845	500	1 060	465	2 025	3 870	
1997/98	-1 681	800	350	-531	668	800	759	2 227	1 696	
1998/99	-1 700	400	1 318	18	1 110	1 660	550	3 320	3 338	
1999/00	-3 850	-1 510	-60	-5 420	753	572	521	1 847	-3 574	
2000/01	-9 078	668	-	-8 410	765	670	1 638	3 073	-5 337	
2001/02	-8 878	860	-51	-8 069	569	110	1 335	2 014	-6 055	
2002/03	-15 018	-346	-330	-15 694	663	-4	-130	529	-15 165	
2003/04	-13 426	-210	-2 285	-15 921	92	642	130	864	-15 057	
2004/05	-4 062	-	-100	-4 162	1 223	909	-270	1 862	-2 300	
2005/06	-7 110	-3 385	-542	-11 037	1 299	950	-593	1 656	-9 381	
2006/07	-12 125	-400	-6 940	-19 465	1 348	-	-1 010	338	-19 127	
2007/08	-8 565	-785	-5 005	-14 355	1 395	950	-390	1 955	-12 400	
2008/09	-7 700	-6 900	-	-14 600	1 350	1 250	* 1 500	4 100	-10 500	
2009/10	-13 550	-1 000	-	-14 550	2 100	4 890	* 2 985	9 975	-4 575	
2010/11	-5 400	-1 350	-	-6 750	2 250	3 600	450	6 300	-450	
2011/12	-8 850	500	-750	-9 100	1 935	1 900	1 150	4 985	-4 115	
2012/13	-9 800	1 100	-1 950	-10 650	1 840	4 517	1 985	8 342	-2 308	
2013/14	-7 382	-860	-	-8 242	2 065	3 270	495	5 830	-2 412	
2014/15	-9 250	-1 000	-	-10 250	2 110	2 565	-	4 675	-5 575	
2015/16	-	-150	100	-50	1 835	6 490	-	8 325	8 275	
2016/17	-5 650	1 000	100	-4 550	2 284	6 800	-	9 084	456	
2017/18	16 516	-	6 374	22 891	1 936	3 197	-	5 133	-	
<b>2018/19</b>	<b>7 510</b>	<b>-350</b>	<b>150</b>	<b>7 310</b>	<b>2 360</b>	<b>1 220</b>	<b>25 110</b>	<b>28 690</b>	<b>-</b>	<b>36 000</b>

# Tax revenue collections against National expenditure over 25 years

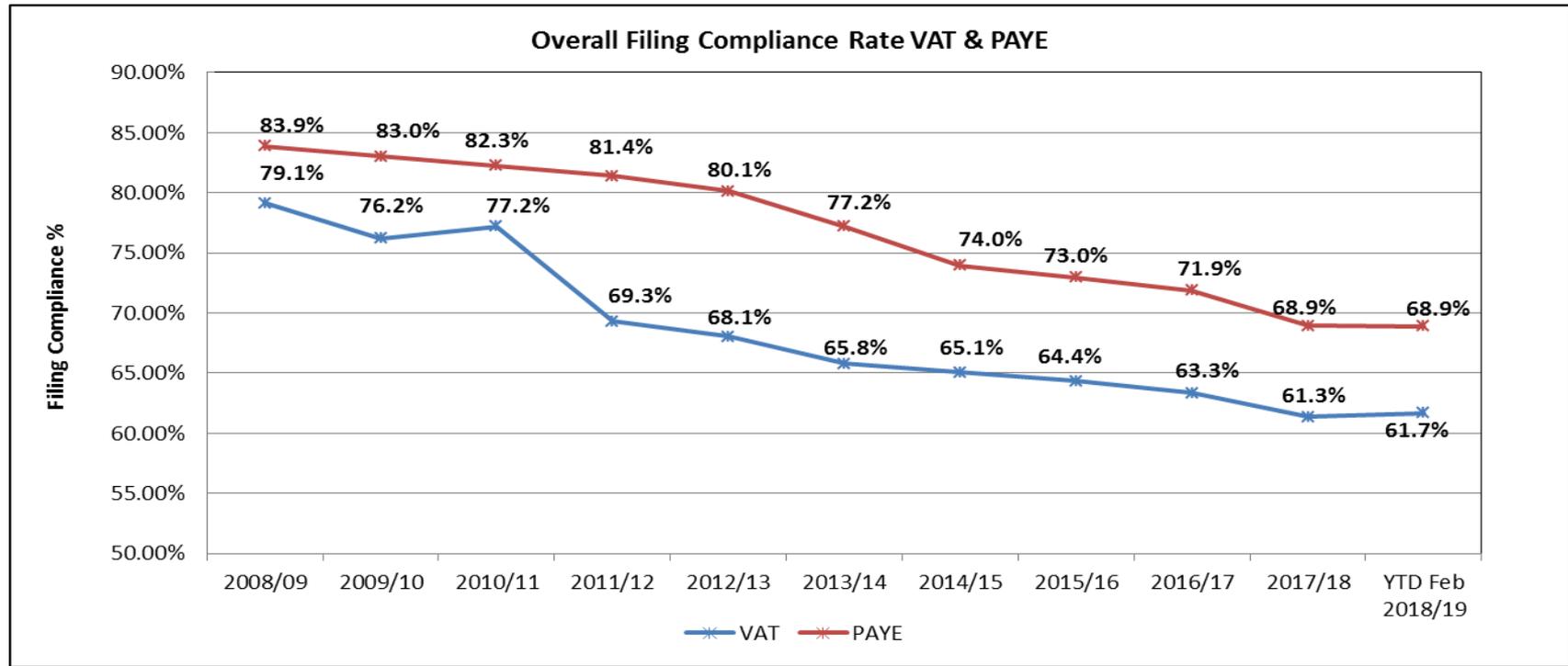


# Total number of active registered taxpayers between 1993/94 – 2018/19\*

Period	Individuals	Companies (CIT)	Trusts	PAYE	VAT	SDL	UIF	Importers	Exporters
1993/94	1 698 935	422 226		176 773	396 818				
1994/95	1 794 152	456 165		178 495	454 752				
1995/96	1 929 274	518 649		188 841	530 031				
1996/97	2 158 080	604 608		198 572	606 829				
1997/98	2 334 751	689 179		197 943	449 257				
1998/99	2 485 703	774 864		202 806	478 002				
1999/00	2 617 458	839 591	180 668	213 202	424 020				
2000/01	2 985 095	976 720	201 977	211 425	450 630				
2001/02	3 321 041	1 081 788	234 982	219 732	479 666				
2002/03	3 415 432	814 894	254 593	252 589	506 098				
2003/04	3 777 005	817 381	283 825	274 764	536 281				
2004/05	4 115 293	933 136	318 967	302 880	578 138			175 559	171 919
2005/06	4 476 261	1 054 969	344 882	330 194	633 703			186 772	178 890
2006/07	4 764 105	1 218 905	374 411	349 077	677 153	168 933	379 646	197 503	185 774
2007/08	5 204 805	1 584 002	384 747	379 675	745 487	168 646	380 218	207 906	192 791
2008/09	5 540 646	1 834 009	392 260	393 974	737 885	168 997	390 388	228 350	194 286
2009/10	5 920 612	1 878 856	331 954	395 575	685 523	174 165	392 398	229 442	209 623
2010/11	10 346 175	2 078 182	326 649	386 428	664 267	185 714	386 048	238 779	217 359
2011/12	13 703 717	2 034 719	301 365	384 883	652 349	189 884	385 100	247 595	224 216
2012/13	15 418 920	2 195 883	312 066	391 254	650 540	189 979	389 723	265 497	240 709
2013/14	16 779 711	2 685 405	322 188	407 066	662 194	211 797	407 763	272 544	246 500
2014/15	18 185 538	2 935 385	331 584	429 691	679 274	228 199	430 430	280 953	254 108
2015/16	19 075 270	3 278 708	340 000	458 048	706 874	248 657	459 000	289 922	262 162
2016/17	19 145 106	3 382 041	340 667	461 255	709 775	251 375	462 219	290 648	262 847
2017/18	20 953 564	3 131 983	361 587	504 226	760 615	264 156	483 142	310 784	280 950
2018/19*	22 836 618	4 544 106	377 277	697 027	1 007 977	382 719	680 896		

\*2018/19 preliminary numbers

# Filing Compliance rate for VAT and PAYE seems to have stagnated at a low level just above 60%



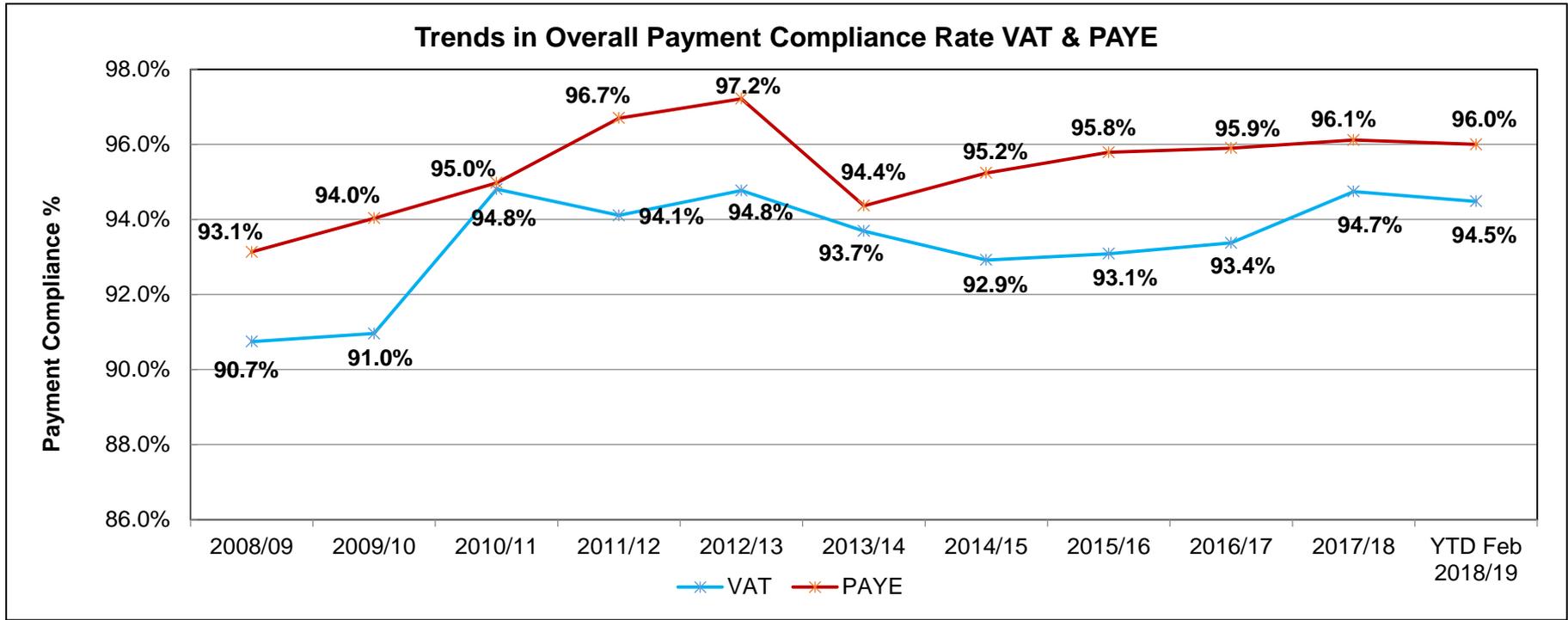
## PAYE Compliance

- YTD February 2018/19 PAYE Filing Compliance remained constant at 68.9%, underpinned by a slight decline in on-time filing by 0.6% from 59.0% to 58.4%, year-on-year.
- Late filing increased to 10.5% from 9.9% while Non-filing remained constant at 31.1% compared to PY.
- Non-filing has averaged 23% for the past 10 years, remaining the key driver for low filing compliance trends.

## VAT Compliance

- VAT Filing Compliance increased marginally from 61.3% in 2017/18 to 61.7% in the CY.
- On-time filing for VAT declined from 52.1% to 52.0%, whilst late filing increased from 9.2% to 9.7% and non-filing decreased to 38.2% from 38.7%.
- Non-filing soared at an alarming 10 year average of 32%, remaining the major cause for waning filing compliance.

# Payment Compliance Rate for both VAT and PAYE has stabilised recently after improvements observed since 2014/15



## PAYE Payment Compliance

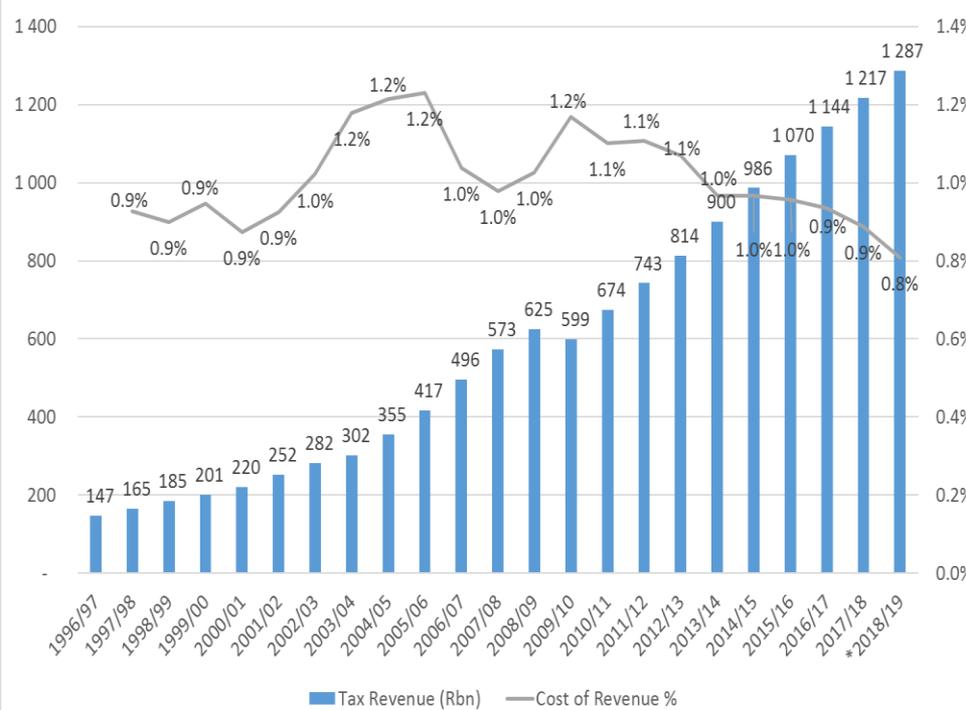
- PAYE Payment Compliance has remained relatively stable at around 96% over the recent past.
- This has been boosted by an improvement of on-time payments which increased to 86.1% from 85.8%.
- Late filing declined to 9.9% from 10.3% while non-payment declined marginally by 0.1%.
- On average, late payments remained above 10% while non-payment hovered around 5% for the past 10 years.

## VAT Payment Compliance

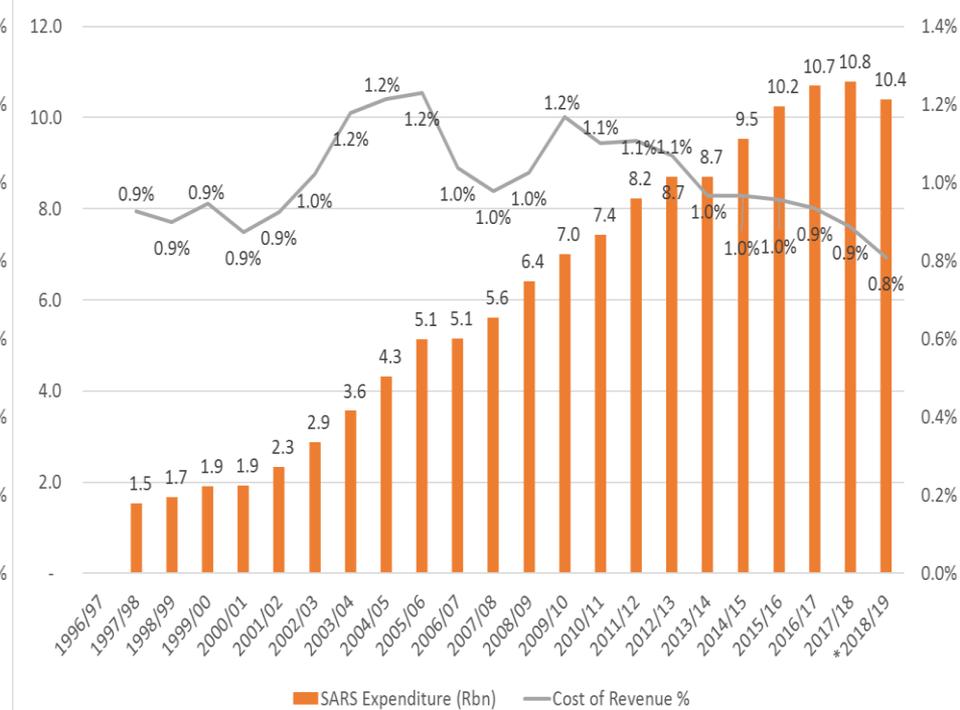
- On a year-on-year basis, VAT Payment compliance declined marginally to 94.5% from 94.7% in the prior year.
- This has been influenced by the decline in on-time payments from 85.1% to 84.6%.
- Largely underpinned by late payment which increased from 9.6% to 9.9% while non-payment increased to 5.5%.
- On average, late payments grew by 9% while non payments increased by 7%.

# \*Cost to Revenue ratio declining at a rapid pace over recent years

Tax Revenue vs. Cost of Revenue, 1996/97- 2018/19



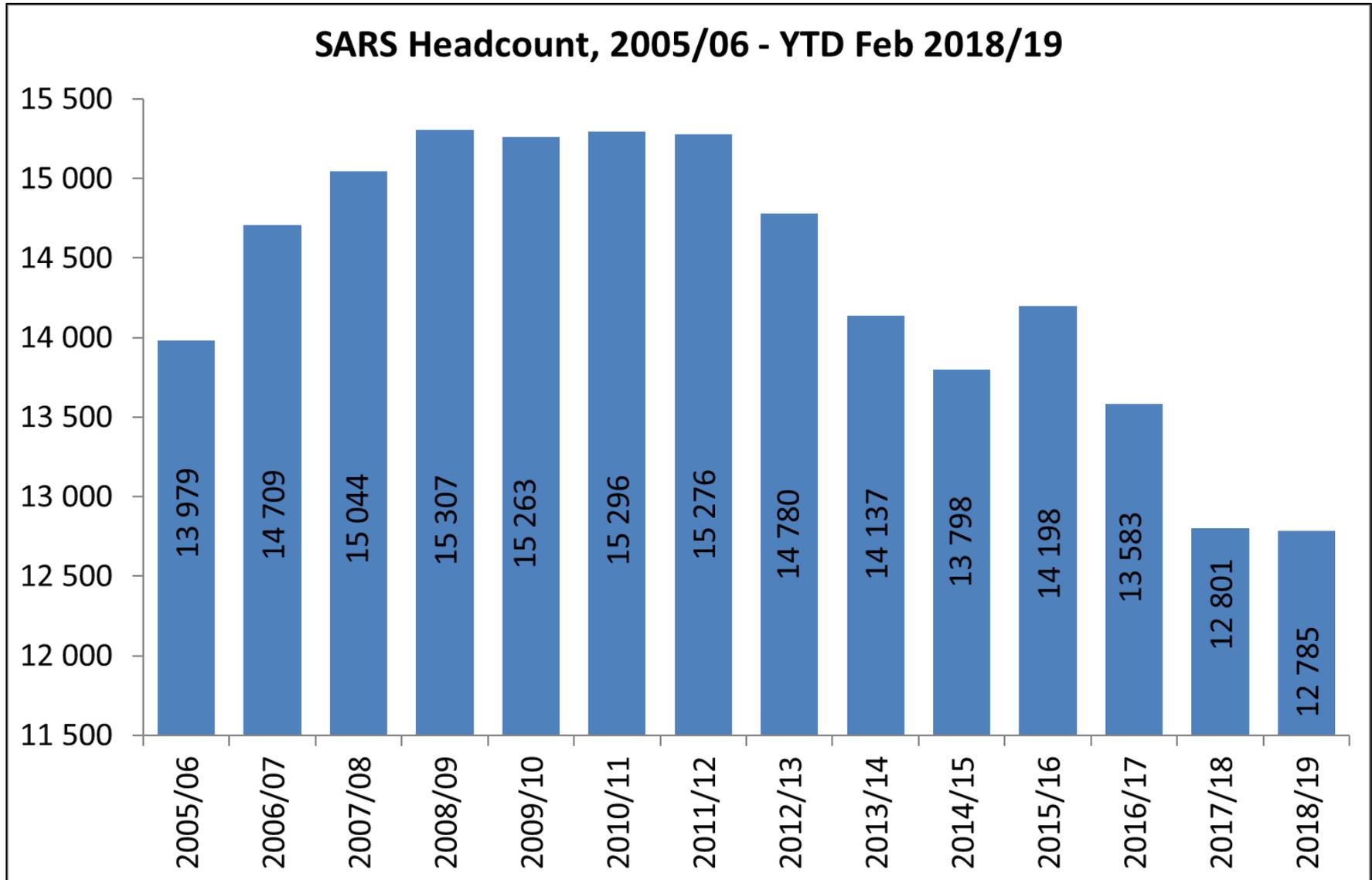
SARS Expenditure vs. Cost of Revenue, 1997/98- 2018/19



- SARS average Cost to Revenue ratio over the 21 fiscal years ending 2017/18 was 1.02. Giving due consideration to the 2018/19 preliminary results, the ratio average 0.99. The first 5 years (1997/98 to 2001/02) experienced an average ratio of 0.91. The next 11 years (2002/03 to 2012/13) saw a step up to average at 1.10. These years covered the Siyakha and Modernisation programmes which broadly entail significant investment in the improvement of staff capabilities and IT systems and tools respectively.
- The last 6 years (2013/14 to 2018/19) saw a decline to below 1.0 touching 0.81 in 2018/19. Expenditure in the last 2 years (2017/18 to 2018/19) regressed in real and nominal terms.

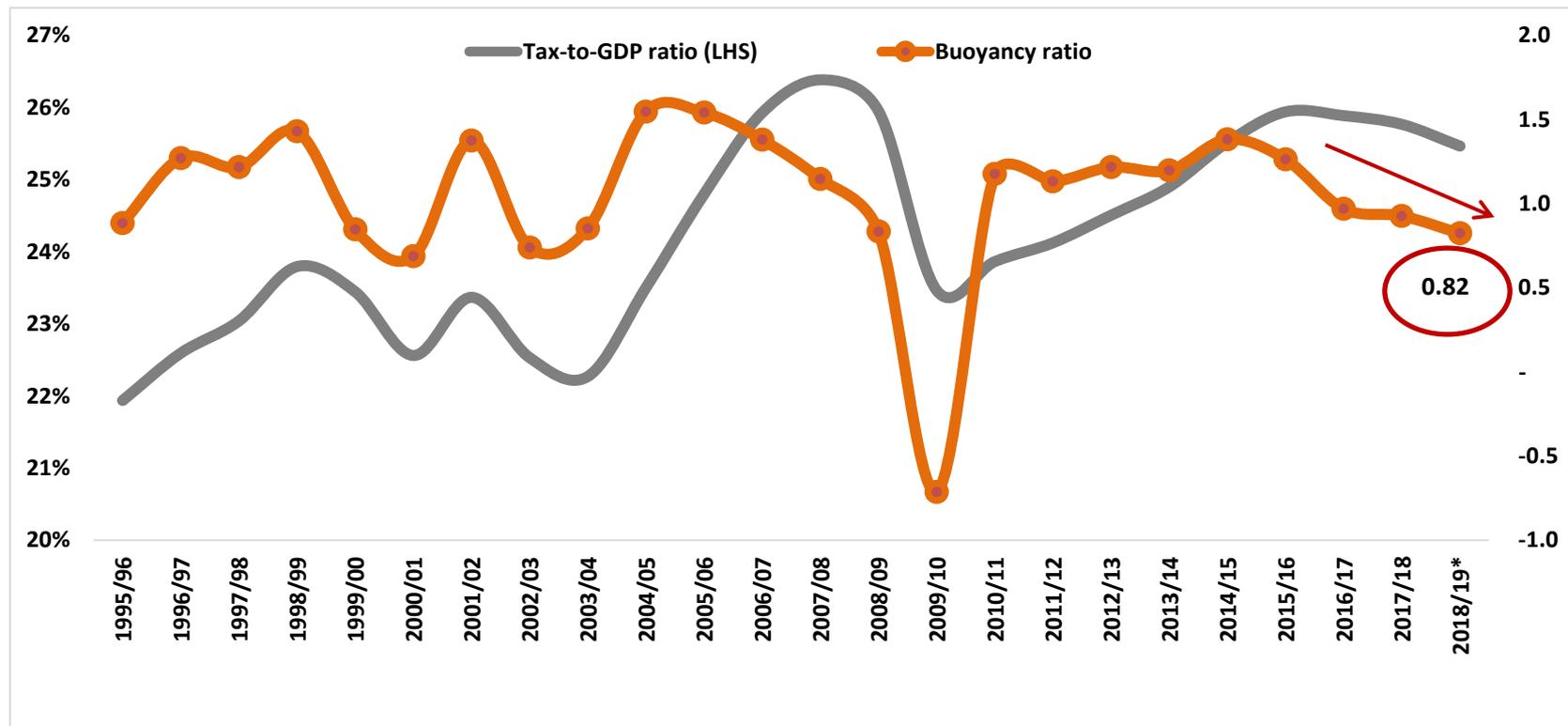
\*All figures for 2018/19 are preliminary

# SARS staff compliment reduced from 15.3k in 2008/09 to 12.8k in 2018/19



\*YTD February 2018/19

# The MTBPS estimated the tax buoyancy ratio at 1.21 from the 1.51 announced in the Budget 2018, preliminary outcome for 2018/19 is 0.82



- Tax revenue target sensitive to a change in the tax to GDP extraction ratio.
- Every 0.1 percentage point change in the tax/GDP ratio will result in a R2.6bn change in tax revenue
- Preliminary tax revenue for 2018/19 = R1.29trn, yielding 25.5% of estimated GDP versus the MTBPS target of R1.32trn = 25.7% of estimated GDP.

\*2018/19 preliminary numbers

Context to revenue results

Assumptions and revenue estimates

Fiscal policy

Administrative efficiencies

Outlook and conclusion



# Summary and conclusion

- Q4-2018 GDP figures confirm that growth remains subdued, with underlying conditions remaining challenging and confidence fragile.
- The production side of the economy is likely to be driven by gradual recoveries off low bases in mining and manufacturing industries towards the end of 2019, underpinned by continued, albeit softer, global demand and steadier international commodity prices.
- Positive contributions are also expected from domestic trade, tourism and finance, buoyed by moderate growth in domestic spending. The upside will, however, be contained by lower agricultural output, hurt by late rains in most summer rainfall regions and continued drought in some areas.
- Risks to global growth remain tilted to the downside, hence the IMF has downgraded the global growth outlook. Global growth is estimated to slow to 3.5% in 2019 before rising to 3.6% in 2020, 0.2 and 0.1 percentage point below last October's projections.
- The main risks to the domestic economy include the failing of state-owned entities, particularly Eskom and the required bailout from the state. Furthermore, the difficult external conditions over the past few months amid trade tensions prove to be a continuous concern globally.
- **The Budget 2019 estimate of R1422.2bn represents growth of R134,6bn (10.5%)**

*Thank you*  
*Re a leboha*  
*Re a leboga*  
*Ndza Khensa*  
*Dankie*  
*Ndi a livhuwa*  
*Ngiyabonga*  
*Enkosi*  
*Ngiyathokoza*