

FISCAL POLICY, POVERTY & REDISTRIBUTION IN SOUTH AFRICA

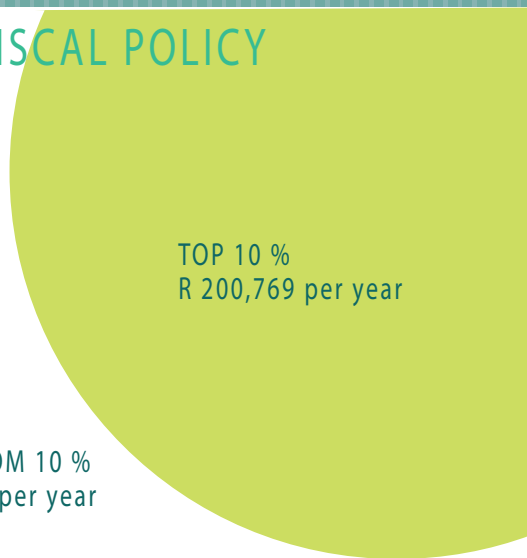
FISCAL POLICY NARROWS THE GAP BETWEEN THE RICH AND THE POOR

PER CAPITA INCOME

BEFORE FISCAL POLICY



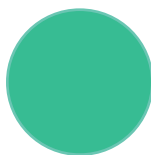
BOTTOM 10 %
R 200 per year



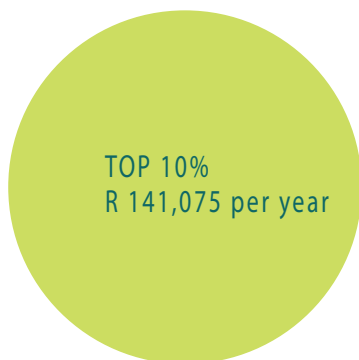
10000

TIMES BIGGER

AFTER FISCAL POLICY



BOTTOM 10%
R 2,131 per year

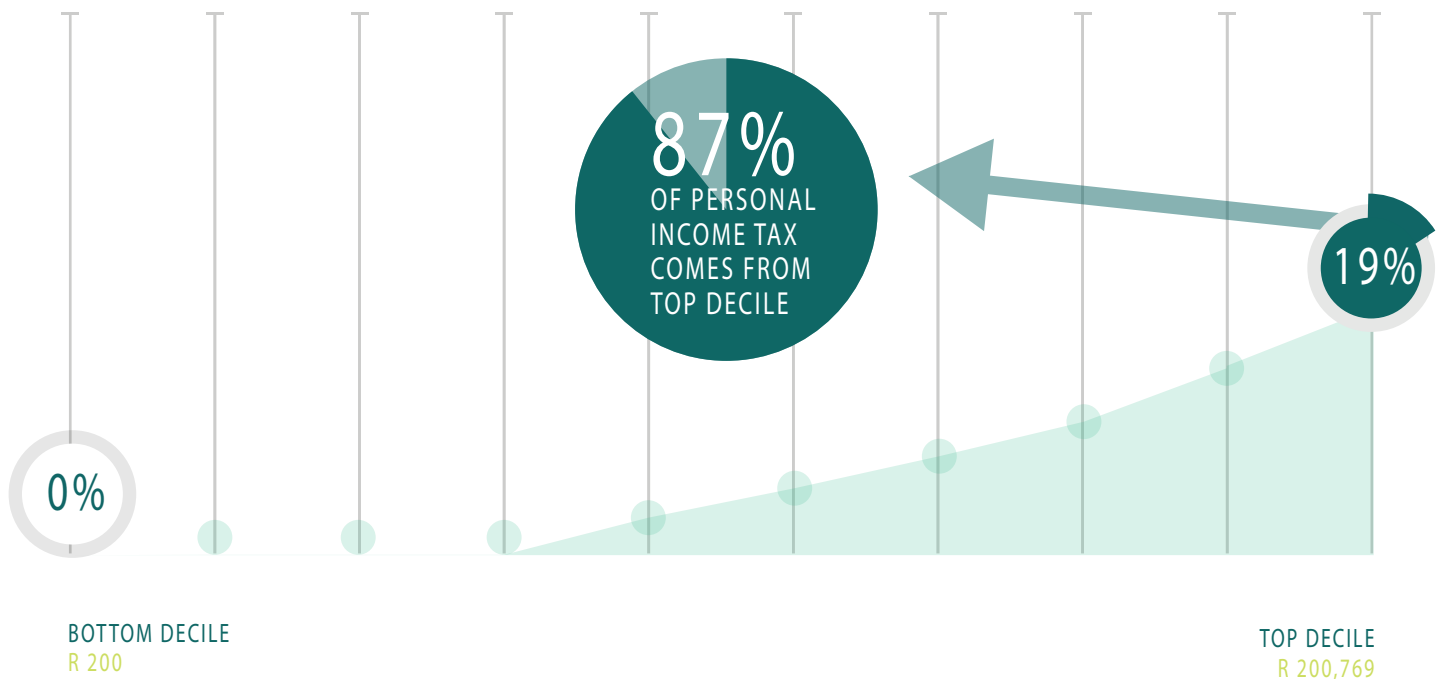


66

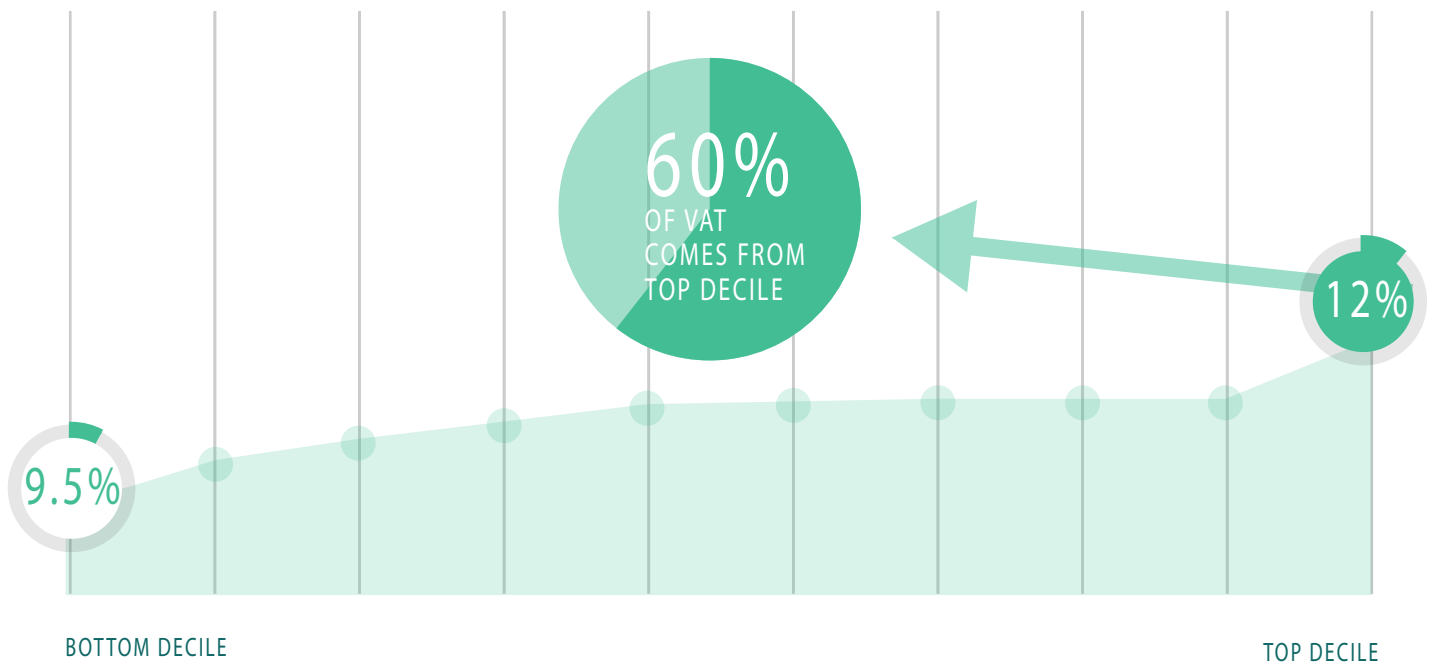
TIMES BIGGER

TAXES RAISE RESOURCES MAINLY FROM THE RICH FOR REDISTRIBUTION

SHARE OF INCOME PAID IN PERSONAL INCOME TAX



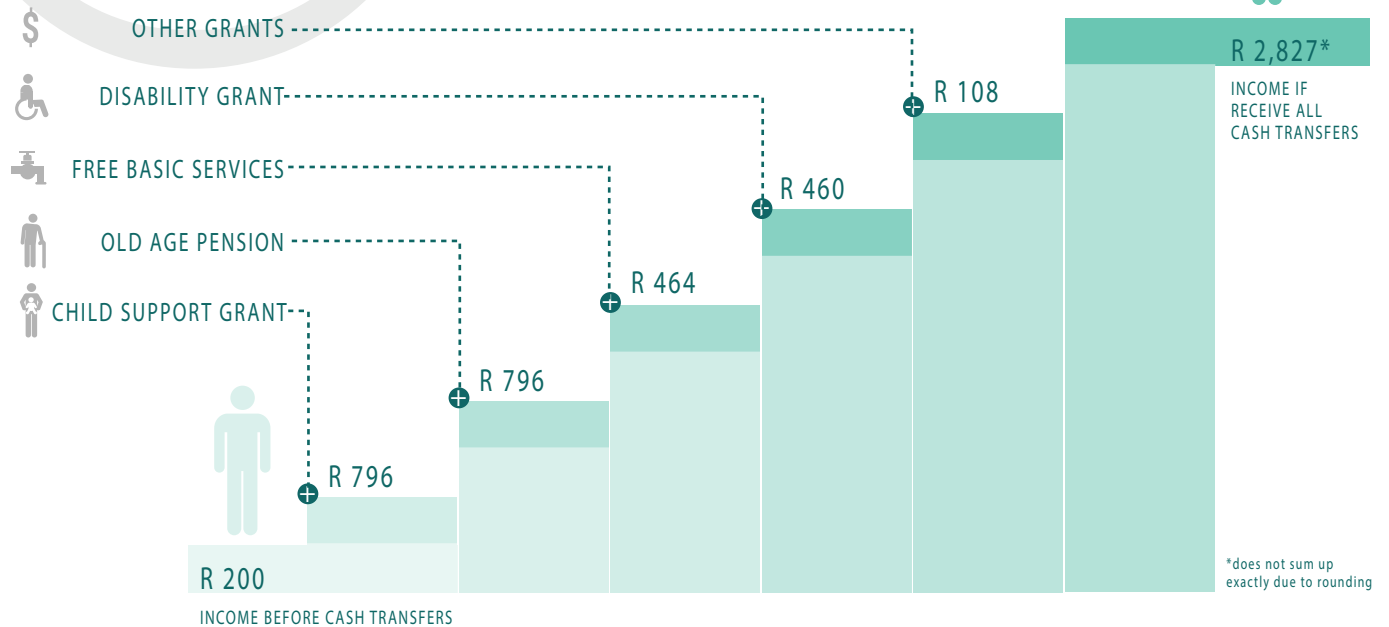
SHARE OF INCOME PAID IN VAT



SOCIAL SPENDING PROGRAMS BENEFIT THE POOREST IN SOUTH AFRICA

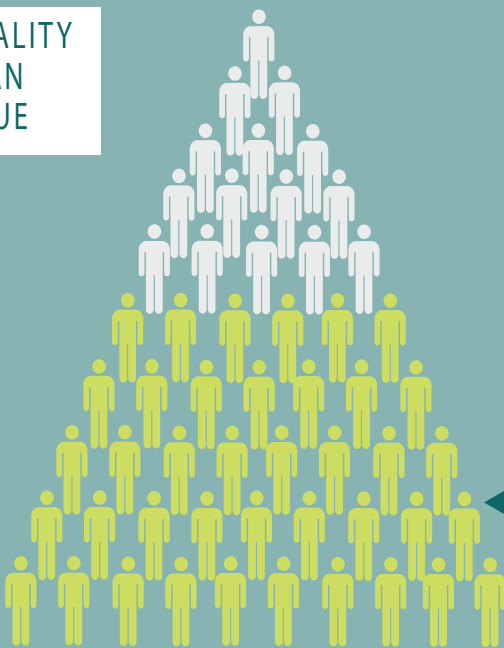
CASH TRANSFERS AND FREE BASIC SERVICES

LIFT INCOME OF
POOREST DECILE
MORE THAN
10 FOLD

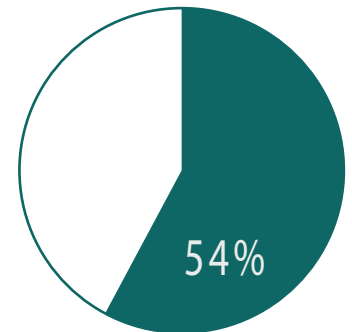


HEALTH AND EDUCATION

QUALITY
IS AN
ISSUE

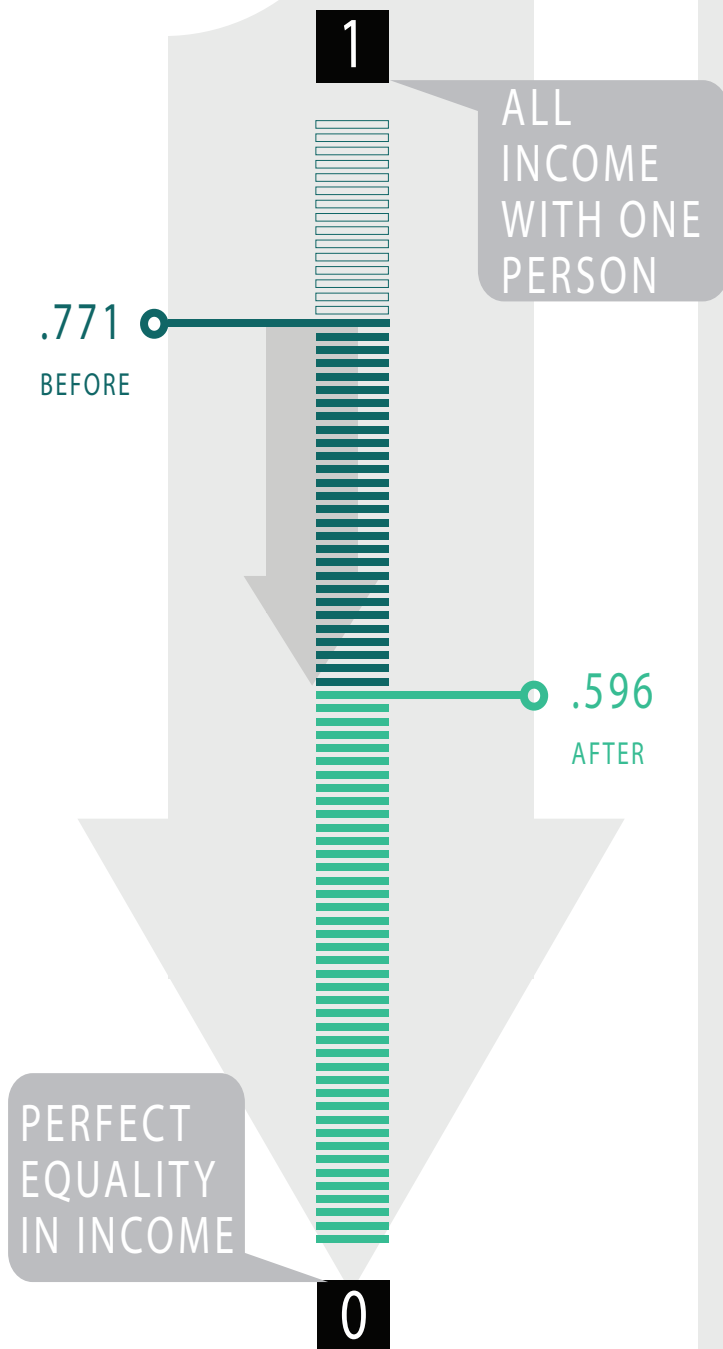


BOTTOM 50%
RECEIVE 54%
OF
HEALTH &
EDUCATION
SPENDING

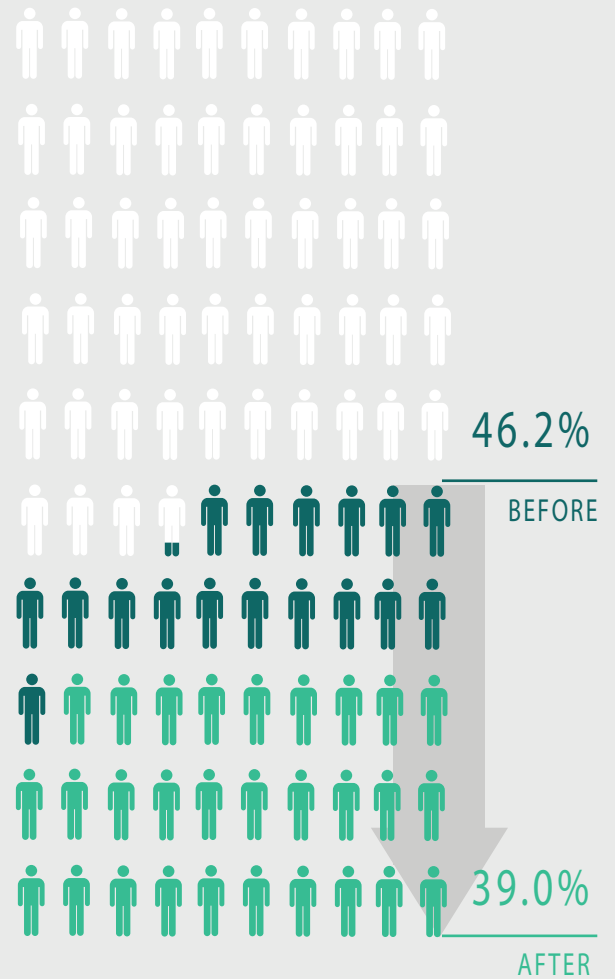


FISCAL POLICY ACHIEVES LARGE REDUCTIONS IN POVERTY AND INEQUALITY

FISCAL POLICY
REDUCES THE
GINI BY ALMOST
A QUARTER



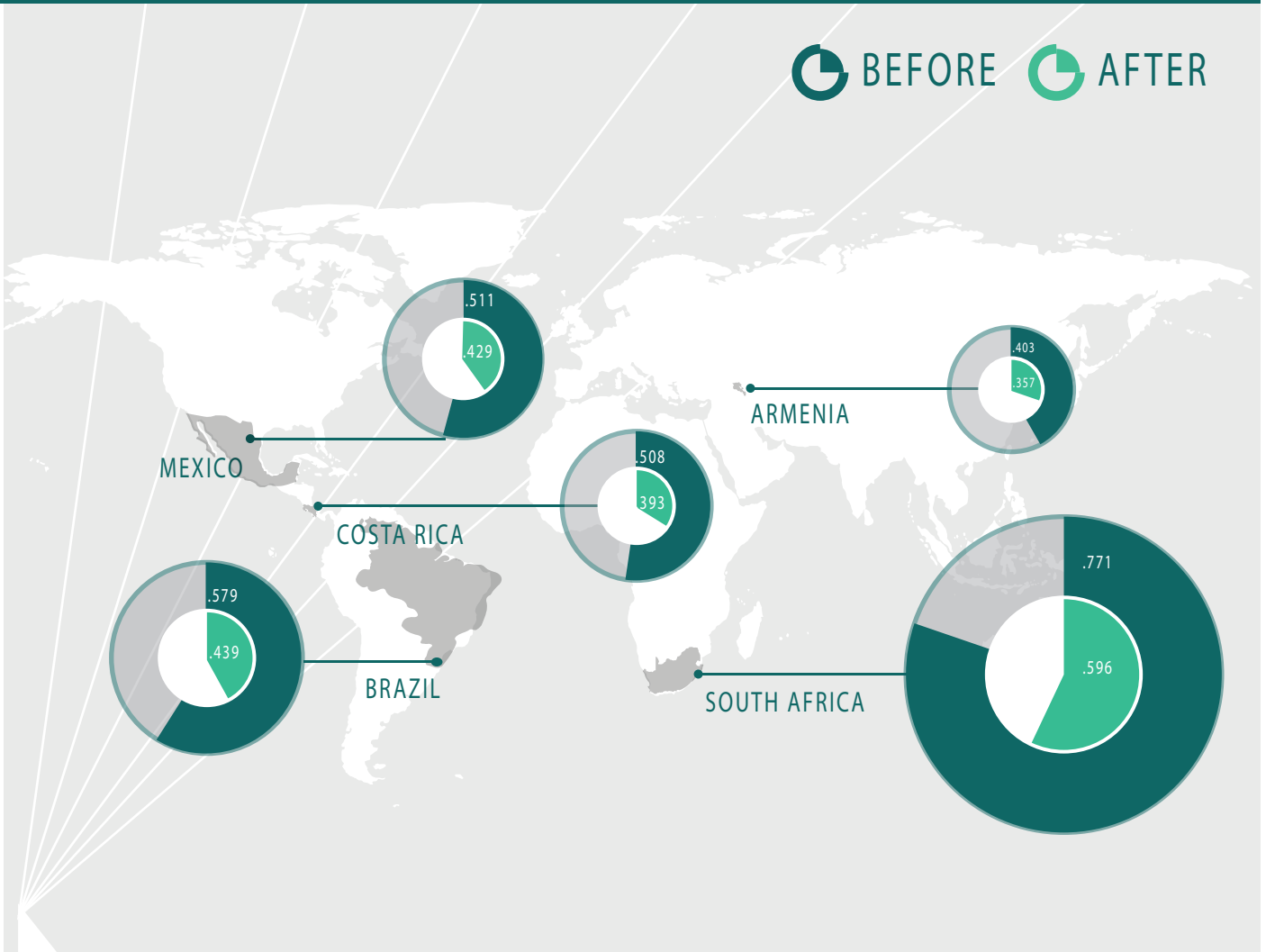
THE SHARE OF THE
POPULATION LIVING
ON LESS THAN
\$2.50 A DAY



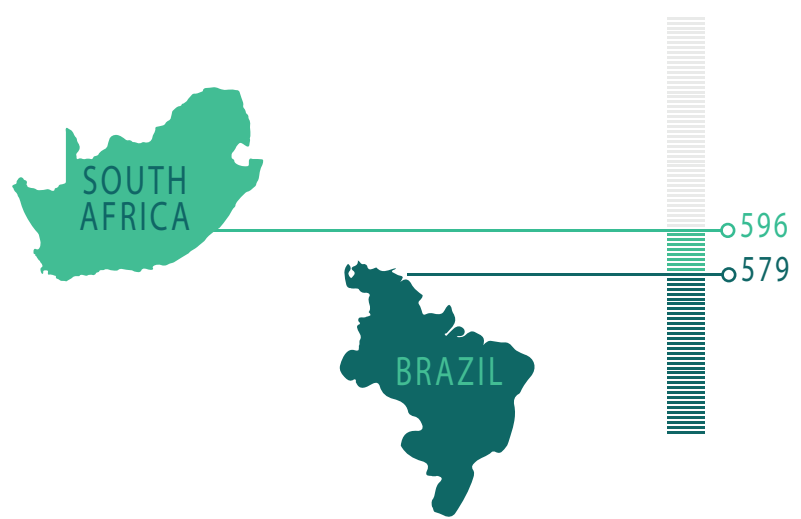
FISCAL POLICY
LIFTS
3.6 MILLION ABOVE
POVERTY LINE
OF \$2.50 A DAY

FISCAL POLICY IN SOUTH AFRICA ACHIEVES LARGER REDUCTIONS IN INEQUALITY THAN IN OTHER COUNTRIES*

GINI COEFFICIENT*



SOUTH AFRICA'S GINI AFTER FISCAL POLICY IS STILL HIGHER THAN BRAZIL'S GINI BEFORE FISCAL POLICY



*The typical measure of income inequality

*In a sample of 12 middle income countries

FISCAL POLICY IS EQUALIZING BUT MORE NEEDS TO BE DONE

FISCAL SPACE FOR
MORE REDISTRIBUTION IS LIMITED
DUE TO HIGH FISCAL DEFICIT AND DEBT.

BETTER QUALITY EDUCATION AND HEALTH
SERVICES AND EFFICIENCY IN PUBLIC
SPENDING COMBINED WITH GREATER
JOB OPPORTUNITIES WOULD REINFORCE
THE EFFECTIVENESS OF FISCAL POLICY IN
TACKLING THE TWIN CHALLENGES OF
POVERTY AND INEQUALITY.