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Signals from this week's news

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- A higher tax burden for high-income earners, a higher fuel levy and a lower growth rate in government expenditure have allowed Treasury to fill the holes left in its budget by lower revenue collection. The measures announced by Finance Minister Pravin Gordhan in the R1.5-trillion budget he tabled in Parliament on Tuesday are aimed at warding off a credit ratings downgrade and reignite economic growth. Under pressure from the international community and rating agencies to exercise fiscal restraint, Mr Gordhan predicted the deficit to fall from R157.9bn in 2015-2016 to R123.6bn in 2018-2019. Spending on public servants' salaries will be slashed, and government departments will need to reduce the number of employees by 20 000 over the next three years. A reprioritisation of R31.8bn in allocations has been made to cover the needs of higher education, the drought and government's commitment to the New Development Bank. Expenditure growth will focus on post-school education and training, economic infrastructure, social protection and health services.

- The 2016-2017 budget extends personal income tax relief by R5.5bn – which is R7.6bn less than the R13.1bn that would have been required to account fully for fiscal drag. The benefit is mainly focused on lower- and middle-income earners. The primary rebate and bottom three income brackets will be adjusted by 1.8% and 3.4% respectively. Tax credits for medical aid contributions have also been granted to keep pace with inflation, at a cost to the fiscus of R1.1bn. An increase in the general fuel levy raises R6.8bn more for the fiscus. Property transfer duties and capital gains tax also changed. The consumer will pay 11c more for a can of beer, 18c more for a bottle of wine, R3.94 more for a bottle of spirits, and 82c more for cigarettes.

- A new approach to state-owned enterprises involving co-investment from the private sector, the rationalisation or closure of some companies, and the merging of others will be key to stabilise the government's finances, Finance Minister Pravin Gordhan says. The package is the most significant policy change on state-owned companies since 2003, when the government abandoned its privatisation programme. The budget also calls for, among others, a greater role by the private sector in the energy sector and in property development alongside municipalities. In particular, the door has been opened to a minority investor in South African Airways. Both Eskom and Transnet have been asked to look at possibilities for private sector participation.

- President Zuma says Desmond van Rooyen was the most 'highly qualified' finance minister he has ever appointed. Speaking at the presidential press corps on Monday, Mr Zuma defended his decision to appoint Mr Van Rooyen in December, saying people had assumed he just 'woke up one day' and decided. Mr Zuma's axing of former Finance Minister Nhlanhla Nene and appointment of Mr Van Rooyen, a little known MP, caused unprecedented backlash. The reaction from the markets and the effect on the currency resulted in Mr Zuma's reappointing Pravin Gordhan after a high-level intervention by business and politicians.

- The South African National Roads Agency Limited (Sanral) paid over R10bn more than it should have for the Gauteng Freeway Improvement Project (GFIP), with a price tag of R17.9bn. On Sunday, the Organisation Undoing Tax Abuse (Outa) released a report comparing the cost of the GFIP to the cost of 11 case studies in developing and developed nations. The investigation showed that on average Sanral overpaid by 321% per kilometre of 185km of road constructed and upgraded under GFIP than was paid for roads in the case studies.

- The near tripling of the cost of Transnet's new multiproduct pipeline, which transports liquid fuel from Durban to Gauteng, will increase fuel prices in Gauteng by 6.18c per litre, analysts say. The cost of the pipeline jumped to R29.5bn from an initial estimate of R11bn. The National Energy Regulator of SA (Nersa), which regulates pipeline tariffs, has said it would claw back from future tariffs any assets imprudently acquired in the project. Transnet applied for a 25.8% increase in allowable revenue for the 2016-2017 financial year.

- Parliament has been served with legal papers demanding it appoints a new inspector-general of intelligence, the surveillance watchdog who keeps state spies in check. While this position has been vacant for almost a year and complaints about abuses of power by the state's intelligence services are piling up, the ANC cannot secure enough support for its preferred candidate, former ANC MP Cecil Burgess.

- Public Protector Thuli Madonsela released a damning report into flawed procurement processes at the South African Post Office (Sapo). The Sapo board of directors has been directed to recover the amount of R22m for rental payments, after Ms Madonsela found that the acquisition of a 10-year lease for a building in Centurion to house the Sapo head quarters was 'tainted by procurement irregularities and corruption'.

- The Department of Higher Education and Training said violence at universities – especially the universities of Pretoria, the Free State and Cape Town – show that fringe elements are seeking to destabilise institutions as part of a 'perverse political agenda'.

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