The graph below shows the Government expenditure in 2009. Study the graph and answer the questions that follow.

**Budget: 2008/2009**

- transport and communication: 10%
- debt: 8%
- education: 17%
- welfare: 15%
- water and agric: 4%
- protection: 13%
- housing: 7%
- health: 11%
- other: 15%

(SOURCE: www.etu.org.za/toolbox/docs/development/income)

a) Which government department gets the biggest slice of the budget? [1 mark]
b) Why do you think this is? [1 mark]
c) Which three sections of the budget receive the smallest budget allocation? [3 marks]
d) Government borrows money from time to time for things such as building big infrastructure like dams that cost billions and cannot be paid from the budget for one year. These loans come from banks and institutions like the World Bank. Why is it important to pay back these debts? [1 mark]
e) What proportion of the budget goes to transport and communication? [1 mark]
f) The allocation of 7% for housing seems very little. Total Government expenditure was R773 billion. What amount was spent on housing? [2 marks]
g) How many millions of rands are in one billion rand? [1 mark]

[Total: 10 marks]
# Suggested Solutions

<table>
<thead>
<tr>
<th>Question number</th>
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<th>Solution</th>
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| 1               | 10             | a) Education [1 mark]  
b) Education is a priority and it requires a lot of resources in order to cover all its expenses. [1 mark]  
c) Water and agriculture, housing and debt. [3 marks]  
d) If we refuse to pay the money we owe to foreign banks, we will get a bad credit record and no-one will lend us money in future. [1 mark]  
e) 10% or one tenth [1 mark]  
f) 7% of R773 billion = R54,11 billion [2 marks]  
g) One thousand million rand [1 mark] |