

# Budget Review

2012

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# Foreword

The 2012 Budget is tabled as the global economy is going through a difficult time. Recovery from the financial and economic crisis that opened in 2008 remains slow and uneven. Developed and developing economies alike confront weaker growth prospects. A solution to the European crisis eludes policy-makers, casting a long shadow over the world economy.

In the face of all this, South Africa has demonstrated resilience. The economy is growing, though more slowly than originally projected. More jobs are being created. Household spending is robust and private-sector investment is gathering pace.

The challenge before us is to build on our strengths, taking the steps necessary to improve the competitiveness and productivity of our economy to grow more rapidly, create jobs, and reduce poverty and inequality. Government's infrastructure investment plans provide a foundation for these objectives.

Consistent with the undertaking we made in the 2011 *Medium Term Budget Policy Statement*, this Budget balances support for the economy with the gradual consolidation of South Africa's fiscal position to ensure the long-term health of our public finances. It begins a shift in the composition of expenditure towards investment. Over time, this will release greater resources for pro-growth investment and spending on the initial phases of national health insurance and a reformed social security system.

Government cannot succeed in realising the objectives of our Constitution on its own. South Africa's growth and development path will be forged in partnership with the private sector.

This Budget sets out a clear challenge for government at all levels to achieve more by using public resources with greater efficiency. Our success in achieving the ambitious goals we set ourselves will be determined by our ability to execute our plans in full and on time.

The 2012 Budget is the culmination of hard work by many people:

- The Minister's Committee on the Budget, whose unenviable task is to ensure alignment between technical processes and political imperatives
- Cabinet, which takes the policy decisions that are given monetary expression in the Budget
- Numerous government officials who contribute data and participate in processes culminating in Budget Day.

Special recognition must go to Minister of Finance Gordhan and Deputy Minister Nene for their political skills, unflagging energy and attention to detail. Finally, my very special word of thanks goes to the National Treasury team for their hard work and unwavering support in producing yet another good set of Budget documents.



**Lungisa Fuzile**  
**Director-General: National Treasury**



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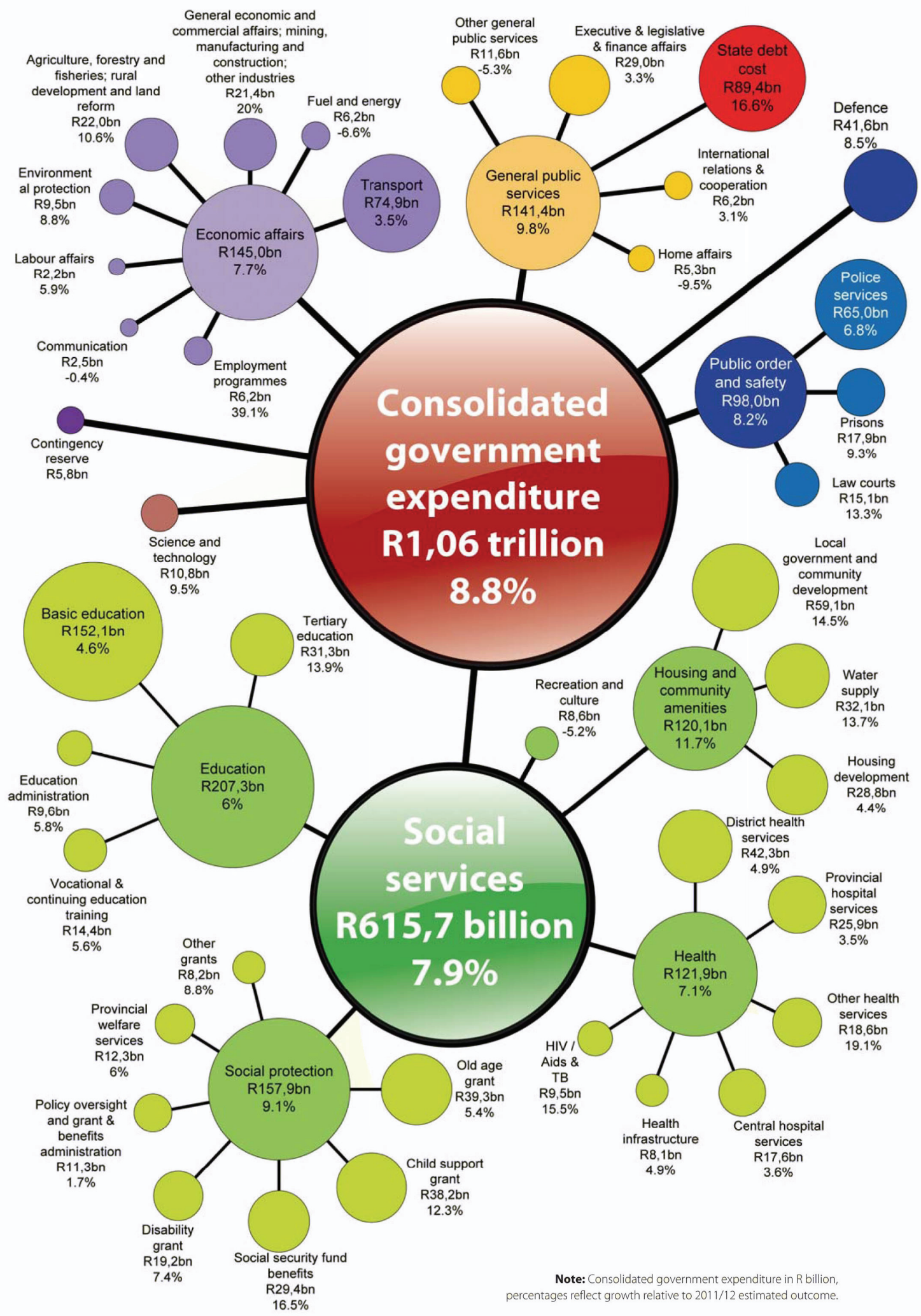
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**Note:** Consolidated government expenditure in R billion, percentages reflect growth relative to 2011/12 estimated outcome.