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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 policymakers, 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.

[Signature]

Lungisa Fuzile
Director-General: National Treasury
# Contents

## Chapter 1  Levers of economic change
- Introduction ............................................................................................................... 1
- Fiscal sustainability and growth ............................................................................ 4
- Summary of the 2012 Budget Review .................................................................. 7
- Budget documentation .......................................................................................... 12

## Chapter 2  Economic outlook
- Overview .............................................................................................................. 13
- Domestic outlook .................................................................................................. 14
- Global developments ............................................................................................ 15
- Real output trends ................................................................................................ 19
- Employment and remuneration .......................................................................... 22
- Domestic expenditure .......................................................................................... 24
- Balance of payments ........................................................................................... 26
- Monetary and financial sector developments ..................................................... 30
- Conclusion ............................................................................................................ 32

## Chapter 3  Fiscal policy
- Overview ............................................................................................................... 33
- Fiscal trends and goals ......................................................................................... 34
- The budget framework ........................................................................................ 37
- Public-sector borrowing requirement .................................................................. 43
- Conclusion ............................................................................................................ 44

## Chapter 4  Revenue trends and tax proposals
- Overview ............................................................................................................... 45
- Budget revenue – revised estimates .................................................................... 46
- Overview of tax proposals ..................................................................................... 49
- Conclusion ............................................................................................................ 60

## Chapter 5  Asset and liability management
- Overview ............................................................................................................... 61
- Developments in South Africa’s debt markets ...................................................... 62
- Managing the debt portfolio ................................................................................. 63
- Consolidated borrowing and financing ................................................................ 65
- National borrowing requirement ........................................................................ 65
- Financing the national borrowing requirement .................................................. 66
- Debt-service costs ................................................................................................ 70
- Government’s debt portfolio ............................................................................... 71
- Financing borrowing by state-owned entities ...................................................... 74
- Development finance institutions ....................................................................... 74
- Conclusion ............................................................................................................ 76

## Chapter 6  Social security and national health insurance
- Overview ............................................................................................................... 77
- Social security and labour policies ...................................................................... 78
- Social security and retirement reform .................................................................. 80
- National health insurance ..................................................................................... 81
- Social assistance .................................................................................................. 84
- Social security funds ............................................................................................. 88
- Conclusion ............................................................................................................ 90
Tables

1.1 Macroeconomic outlook – summary ................................................................. 8
1.2 Consolidated government fiscal framework ..................................................... 8
1.3 Summary of tax proposals ................................................................................ 9
1.4 Projected state debt and debt costs ................................................................. 10
1.5 Division of revenue ......................................................................................... 12

2.1 Macroeconomic projections, 2008 – 2014 ....................................................... 15
2.2 Macroeconomic projections, 2008/09 – 2014/15 ............................................ 15
2.3 Annual percentage change in GDP and consumer price inflation, selected regions/countries, 2011 – 2013 ................................................................. 17
2.4 Growth in mining output by sector, 2007 – 2011 ............................................. 19
2.5 Growth in manufacturing output by sector, 2008 – 2011 .................................. 20
2.6 Formal sector non-agricultural employment .................................................... 23
2.7 Real investment growth by economic activity, 2007 – 2011 ............................. 26
2.8 Contribution to overall investment growth, 2007 – 2011 ................................. 26
2.9 Summary of South Africa’s current account, 2007 – 2011 ............................... 26
2.10 Summary of South Africa’s financial account, 2007 – 2011 ............................ 27

3.1 Consolidated government budget framework, 2008/09 – 2014/15 .................... 38
3.2 Consolidated government revenue, 2008/09 – 2014/15 ...................................... 39
3.3 Revised estimates of consolidated government revenue and expenditure, 2010/11 and 2011/12 ................................................................. 42
3.4 Consolidated government budget medium-term estimates, 2012/13 – 2014/15 .... 43
3.5 Public-sector borrowing requirement, 2008/09 – 2014/15 ............................ 44
4.1 Budget estimates and revenue outcome, 2010/11 and 2011/12 ........................ 46
4.2 Estimates of revenue before tax proposals, 2012/13 ........................................ 47
4.3 Budget revenue, 2008/09 – 2014/15 ................................................................. 48
4.4 Impact of tax proposals on 2012/13 revenue ..................................................... 49
4.5 Estimates of individual taxpayers and taxable income, 2012/13 ....................... 50
4.6 Personal income tax rate and bracket adjustments, 2011/12 – 2012/13 ............. 50
4.7 Total combined fuel taxes on petrol and diesel, 2010/11 – 2012/13 .................. 56
4.8 Changes in specific excise duties, 2012/13 ....................................................... 58

5.1 Financing of consolidated government net borrowing requirement, 2008/09 – 2014/15 ................................................................. 65
5.2 National government net borrowing requirement, 2010/11 – 2014/15 .............. 66
5.3 Financing of national government net borrowing requirement, 2010/11 – 2014/15 .. 67
5.4 Loan redemptions, 2010/11 – 2014/15 ............................................................. 67
5.5 Treasury bill issuance, 2011/12 – 2012/13 ....................................................... 68
5.6 Domestic long-term market loan issuance, 2011/12 .......................................... 68
5.7 New domestic bonds, 2012/13 ....................................................................... 69
5.8 Change in cash balances, 2011/12 – 2014/15 ................................................... 70
5.9 National government debt-service costs, 2010/11 – 2014/15 ........................... 71
5.10 Total national government debt, 2008/09 – 2014/15 ........................................ 71
5.11 Maturity distribution of domestic marketable bonds, 2009/10 – 2011/12 ........... 72
5.12 Composition of domestic debt by instrument, 2008/09 – 2014/15 .................. 72
5.13 Ownership of domestic government bonds, 2007 – 2011 ............................... 73
5.14 Composition of provisions and contingent liabilities, 2010/11 – 2014/15 ........... 73
5.15 Guarantee exposure against major state-owned entities and development finance institutions, 2010/11 – 2011/12 ................................................... 74
5.16 Financial position of development finance institutions, 2006/07 – 2010/11 ........ 75
5.17 Projected major sources of funding for development finance institutions, 2010/11 – 2015/16 ................................................................. 75
6.1 Health expenditure in SA public and private sectors, 2008/09 – 2013/14
6.2 Social grants values, 2011/12 and 2012/13
6.3 Social grants beneficiary numbers by type and province, 2008/09 – 2014/15
6.4 Social grants expenditure by type and province, 2008/09 – 2014/15
6.5 Social grant trends as a percentage of GDP
6.6 Social security funds, 2008/09 – 2014/15
6.7 UIF benefits and recipient numbers, 2008/09 – 2011/12

7.1 Mega-projects under consideration, 2012 – 2020
7.2 Major infrastructure projects
7.3 Major infrastructure projects in concept, prefeasibility and feasibility stages
7.4 Public-sector infrastructure expenditure by area of responsibility, 2008/09 – 2010/11
7.5 Public-sector infrastructure expenditure and estimates by sector, 2010/11 – 2014/15

8.1 Division of nationally raised revenue, 2008/09 – 2014/15
8.2 Total transfers to provinces, 2010/11 – 2014/15
8.3 Conditional grants to provinces, 2011/12 – 2014/15
8.4 National transfers to local government, 2008/09 – 2014/15
8.5 Consolidated government expenditure by function, 2011/12 – 2014/15
8.6 2012 Budget priorities – additional MTEF allocations, 2012/13 – 2014/15
8.7 Education expenditure, 2008/09 – 2014/15
8.8 Health and social protection expenditure, 2008/09 – 2014/15
8.9 Economic infrastructure expenditure, 2008/09 – 2014/15
8.10 Local government, housing and community amenities expenditure, 2008/09 – 2014/15
8.11 Economic services and environmental protection expenditure, 2008/09 – 2014/15
8.12 Science and technology expenditure, 2008/09 – 2014/15
8.13 General public service expenditure, 2008/09 – 2014/15

Figures

2.1 Weekly bond flows and cumulative equity flows to emerging markets, 2010 – 2012
2.2 Global shares of import volumes, export volumes and industrial production, 2000 – 2010
2.3 Total employment, 2008 – 2011
2.4 Employment trends by age and education level, 2008 – 2011
2.5 Annual change in remuneration, unit labour costs, productivity and employment, 2007 – 2011
2.6 Ratios of household debt and debt-service costs to disposable income, 1990 – 2011
2.7 Gold, platinum, oil and food price trends, 2005 – 2011
2.8 Mapping South Africa’s exports, 2011
2.9 Credit extension by classification, 2003 – 2011
2.10 Contributions to CPI inflation, 2010 – 2011

3.1 Primary balance of consolidated government, 2002/03 – 2014/15
3.2 Spending on debt-service costs compared to other priorities, 2002/03 – 2014/15
3.3 Current balance of consolidated government, 2002/03 – 2014/15
3.4 Real growth in components of current expenditure, 2002/03 – 2014/15
3.5 Non-interest expenditure and average revenue, 2002/03 – 2014/15
3.6 Average real growth in expenditure, 2007/08 – 2014/15
5.1 Bond yields and cumulative net bond and equity purchases by non-residents, 2010 – 2012 ................................................................................................................................. 62
6.1 Social spending, 2002/03 – 2011/12........................................................................................................ 78
7.1 Public and private-sector capital investment, 1962 – 2010 ........................................... 92
7.2 The phases of project development.................................................................................. 101
8.1 Key spending trends, 2008/09 – 2014/15 ........................................................................ 108
Consolidated government expenditure R1,06 trillion 8.8%

Social services R615,7 billion 7.9%

Education R207,3bn 6%
- Tertiary education R31,3bn 13.9%
- Basic education R152,1bn 4.6%
- Education administration R9,0bn 5.8%
- Vocational & continuing education training R14,4bn 5.6%
- Other grants R8,2bn 6.6%
- Provincial welfare services R12,3bn 6%
- Policy oversight and grant & benefits administration R11,3bn 1.7%

Social protection R157,9bn 9.1%
- Disability grant R19,2bn 7.4%
- Child support grant R38,2bn 12.3%
- Social security fund benefits R29,4bn 16.5%
- Old age grant R39,3bn 5.4%
- HIV / Aids & TB R9,5bn 15.5%

Housing and community amenities R120,1bn 11.7%
- Recreation and culture R8,6bn -5.2%
- Housing development R28,8bn 4.4%

Health R121,9bn 7.1%
- Health infrastructure R8,1bn 4.9%
- Central hospital services R17,6bn 3.6%

Other health services R18,6bn 19.1%

District health services R42,3bn 4.9%

Local government and community development R59,1bn 14.5%

Water supply R32,1bn 13.7%

Provincial hospital services R25,9bn 3.5%

Housing development R28,8bn 4.4%

Province revenue R65,0bn 6.8%
- Prisons R17,9bn 9.5%
- Prisons R15,1bn 13.3%

International relations & cooperation R8,2bn 3.1%

Public order and safety R98,0bn 8.2%

Defence R41,6bn 8.5%

Economic affairs R145,0bn 7.7%
- Fuel and energy R6,2bn -6.6%
- Transport R74,9bn 3.5%

Other general public services R141,4bn 9.8%
- Executive & legislative & finance affairs R29,0bn 3.3%

General economic and commercial affairs; mining, manufacturing and construction; other industries R21,4bn 20%

Agriculture, forestry and fisheries; rural development and land reform R22,0bn 10.6%

Contingency reserve R8,8bn

Science and technology R10,8bn 9.5%

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